

FAIRFIELD PUBLIC SCHOOLS

FY 2023 – AUDIT CORRECTIVE ACTION

Education Grants Fund

Condition: During testing our external auditors' (PKF O'Connor Davies) noted that the receivable and unearned revenue balances were updated from the prior year's balances and reconciled to the current year activity.

Recommendation: Auditors recommend that reconciliation of accounts receivable and unearned revenue balances be included in the year end closing process and properly updated on June 30.

Response: We agree with the auditors' comments and prior to the above finding and recommendation, identified during the EFS filing process, that the recognition of revenue & expense practice was not compliant with GAAP. We spoke to the auditor about this prior to the start of the fiscal year.

Steps: Beginning this year (Fiscal Year 2023-24) – Account Receivable will be set up for all Grants. We will create liability/deferred revenue for the difference between cash drawn and unspent. We'll perform detailed reconciliation of all Grants and ensure that what reported to the State ED001 agrees with the General Ledger Balances at year end.

Self-Insured Fund

Condition: We are fully insured for medical claims. During the audit, PFK noted that we were still using the self-insurance fund to pay medical invoices vs paying the invoices directly from the budget.

Recommendation: Auditors recommend that the fund be closed, and all activity be properly recorded in the general fund.

Response: We agree with the auditors finding and recommendation, as this will mitigate the need to reconcile this account and the Board's DT/DF account -the following actions/ steps will be taken to correct this process:

Steps: Create (1) liability account to record deductions withheld from employees, (2) account receivable account for retirees. Determine all the deduction codes that are currently attached to Fund 60 and update them with the new liability account. Reconcile and transfer any balances from Fund 60 the BOE account & close fund 60. All this will be completed prior to the end of this fiscal year.

Excess Cost Grant Reporting Form

Condition: During the auditors' testing they found that for certain students tested: (1) The amounts reported to the Excess Cost Grant Reporting Form were not updated to be actual costs with the required EFS filing due on September 1, 2023. (2) They were unable to obtain adequate supporting documentation to be able to test/recalculate the costs reported to the State for the in-district students. (3) They were unable to obtain adequate supporting documentation for the transportation costs to be able to test/recalculate amount reported for these students. (4) They noted that the form is not reviewed by the Finance department before it is submitted to the State.

Recommendations: Auditors recommend that the district develop and implement formal procedures and related forms for excess cost reporting. (1) Develop procedures and related forms to ensure that actual costs are reported on the excess cost form (2) Develop procedures and related forms to properly track costs by student and prepare and update the excess cost form as required by the State Department of Education (3) Vendors must be required to provide details on the students for which services were performed (4) Allocation methodologies must be formally documented and reviewed and approved by the Finance Department. (5) Allocations and calculations should be clearly documented and supported. (6) Costs should be reconciled to the general ledger (transportation, supplies, OT/PT, etc.), where appropriate. (7) The tracking forms and related reconciliations and final amounts to be reported on the excess cost form must be reviewed and approved (from a financial perspective only) by the Finance Department.

Response: We agree with the auditors' findings and recommendations and acknowledge that there have been deficiencies in the excess cost grant reporting processes. This process of the Special Education secretary managing and reporting in "silo", without finance department oversight is a longstanding past practice and the following corrective actions will be taken/implemented.

Steps: Within the next month – (1) We will review and document the current processes, from the assignment of services to reporting, (2) Implement best practices and formulate a plan/procedures to address and fulfil the recommendations. This includes documenting all aspects of support services on a student basis with substantiation of the original estimate and the final costs. (3) Review recommended changes with the Executive Director of Special Education and Student Services. (4) Create a manual and formulate standard operating procedures that will be stored on the shared drive for future use.

**Report on Communication of Internal Control
Related and Other Matters Identified in the Audit**

Independent Auditors' Report

Board of Finance
Town of Fairfield, Connecticut

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances solely for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above.

However, we identified several matters that are opportunities to strengthen internal control, improve operating efficiency or upgrade policies and procedures to best practices. The "**Recommendations to Management**" that accompanies this report summarizes our comments and recommendations regarding those matters. This report does not affect our Federal and State single audit reports or our report on the financial statements dated December 27, 2023.

This report is intended solely for the information and use of management, the Board of Finance, others within the entity and Federal and State awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
December 27, 2023

Town of Fairfield , Connecticut

**Recommendations to Management
June 30, 2023**

We present for your consideration our comments and recommendations relating to internal controls and other operating and administrative matters, which came to our attention during the course of our audit.

1. Education Grants Fund

Condition

During our testing we noted that the accounts receivable and unearned revenue balances were updated from the prior year balances and reconciled to current year activity.

Recommendation

We recommend that reconciliation of accounts receivable and unearned revenue balances be included in the year end closing process and properly updated at June 30.

2. Education Self-Insurance Fund

Condition

The Education Department is fully insured for medical claims. During the audit we noted that the Education Department was still using the self-insurance fund to pay medical invoices vs paying the invoices directly from the budget.

Since the District is not self-insured, the accounting is a duplication of activity and is not allowed to be reported as a self-insurance fund under generally accepted accounting principles.

Recommendation

We recommend that the fund be closed and all activity be properly recorded in the general fund.

3. Excess Cost Grant Reporting Form

Condition

During our testing we noted that the following for certain students tested:

- The amounts reported on the Excess Cost Grant Reporting Form were not updated to be actual costs with the required EFS filing due on September 1 2023.
- We were unable to obtain adequate supporting documentation to be able to test/ recalculate the costs reported to the State for the in district students.
- We were unable to obtain adequate supporting documentation for the transportation costs to be able to test/recalculated amount report for these students

We also noted that the form is not reviewed by the Finance Department before it is submitted to the State.

Recommendations to Management

Recommendations

We recommend that the District develop and implement formal procedures and related forms for the excess cost reporting as follows:

- Develop procedures and related forms to ensure that actual costs are reported on the excess cost form.
- Develop procedures and related forms to properly track costs by student and prepare and update the excess cost form as required by the State Department of Education.
- Vendors must be required to provide details on the students for which services were performed.
- Allocation methodologies must be formally documented and reviewed and approved by the Finance Department.
- Allocations and calculations should be clearly documented and supported
- Costs should be reconciled to the general ledger (transportation, supplies, OT/PT, etc.), where appropriate.
- The tracking forms and related reconciliations and final amounts to be reported on the excess cost form must be reviewed and approved (from a financial perspective only) by the Finance Department.

Town of Fairfield

Fairfield, Connecticut 06824
INTERNAL AUDIT DIVISION

(203) 256-2919 (Office)

(203) 256-3080 (Fax)

csaxl@fairfieldct.org

To: Anthony Calabrese, Director of Parks and Recreation
From: Connie M. Saxl, Town Internal Auditor
Subject: Audit of Cash/Check Deposits: Recreation Department, H. Smith Richardson Golf Course and Carl J. Dickman Golf Course
Date: October 5, 2023
Cc: Jared Schmitt, Chief Fiscal Officer
Brenda Kupchick, First Selectwoman
Thomas Bremer, Chief Administrative Officer
Cathleen Simpson, Director of Human Resources
All Internal Audit reports are distributed to the Audit Sub-Committee and Board of Finance members and are posted as backup whenever reports on Internal Audit activities are made. Backup reports are located on the Town of Fairfield website:
www.fairfieldct.org

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AUDIT SCOPE AND OBJECTIVE

An examination of cash/check receipts collected and deposited by the Recreation Department, H. Smith Richardson Golf Course and Carl J. Dickman Golf Course was performed for July 1, 2022 through May 31, 2023.

The scope of this audit included:

- Review of cash collection policies and procedures
- Examinations of daily deposit transmittal forms

- Examinations of bank deposits and associated general ledger revenue accounts

The objectives of this audit were to:

- Ensure that revenue is properly collected, recorded, reconciled and deposited intact on a timely basis
- To identify areas where weaknesses may exist within the revenue collection process, i.e., ensure that necessary internal controls are properly in place and operating effectively



STATEMENT OF AUDITING STANDARDS

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgments and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.



INTERNAL CONTROL DEFINED

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all methods used within an organization to safeguard assets, promote the accuracy and reliability of its accounting data and records, promote operational efficiency and encourage compliance with all policies and procedures prescribed by management. Management must understand its responsibilities and implement and maintain adequate internal control systems.



AUDIT FINDING # 1

A review of cash/check collections and corresponding bank deposits was conducted for the eleven-month period covering July 1, 2022 through May 31, 2023 for the Recreation Department, Carl J. Dickman Golf Course and H. Smith

Richardson Golf Course. The review showed that \$1,607,635.51 in revenue in the form of cash and checks was collected and deposited by the Recreation Department. A chart illustrating deposits by location and month is presented in Appendix A.

A comparison of deposit transmittals to bank deposit amounts revealed a net cash underage of \$909.08 for the eleven-month period, which results in a (.057%) error rate. **Internal Audit deems this cash underage amount to be immaterial in dollar value in comparison to overall revenue collected and deposited by the department.** However, it was noted on 5 occasions within this timeframe, that cash shortages over \$30 occurred without documentation of a reasonable explanation. The total cash under for these five transmittals was \$1,029. Two of these transmittals represented cash shortages, which were in excess of \$150, and two deposit transmittals totaling \$425 did not have bank deposit slips attached. Further audit investigation revealed that there was not an associated bank deposit for these two days (\$425) and each of them represented cash collections (no checks). These two deposits were not reported to Internal Audit as required by Town Deposit Transmittal Policies and Procedures.

AUDIT RECOMMENDATION # 1

Deposit Transmittal Policies and Procedures requires:

1. A validated bank deposit slip must be attached to support the deposit transmittal.
2. The totals per deposit transmittal and the validated bank deposit slip must match.
3. Any cash over/under amount in excess of \$150 must be investigated and reported to Internal Audit.

Explanation of Town Deposit Transmittal Policies and Procedures: All deposit transmittal sheets must have a corresponding bank deposit slip attached which shows the bank validation stamp showing date deposited and dollar amount deposited. The validated bank deposit slip must match the cash and checks collected on the deposit transmittal. Deposit transmittals should not be signed by the Department Head (designating his or her review and approval) if there is not a validated bank deposit slip attached for the correct amount.

Further, it is recommended that a brief explanation be documented on the transmittal describing the reason (if known) for any corresponding bank deposit

discrepancy over \$25. All cash over/under amounts in excess of \$150 must also be investigated and reported to Internal Audit in accordance with Town policy. Frequent cash over/under occurrences between deposit transmittals and bank deposits may warrant further investigation by Internal Audit and may result in possible disciplinary action by Town management.

A refresher email regarding Deposit Transmittal Policies and Procedures was sent to Department Heads on May 12, 2023. The Deposit Transmittal Policies and Procedures is attached in Appendix B. Management should also consider conducting formal in-house training to employees who handle cash/check collections and their Department Heads on Deposit Transmittal Policies and Procedures.



REVIEW OF TIMELINESS OF DEPARTMENTAL CASH/CHECK DEPOSITS

Internal Audit reviewed a random sample of daily collections and associated bank deposits for Recreation Department, H. Smith Richardson and Carl J. Dickman Golf Courses from July 2022 through April 2023 to ensure that cash and check collections were properly deposited in the bank on the next business day, which is in accordance with the Deposit Transmittal Policies and Procedures.

All deposits reviewed in the sample were found to be deposited in the bank in a timely basis in accordance with Town policy. All revenue examined was found to be properly recorded in the correct revenue account.

Further, the Recreation bank account is properly reconciled to MUNIS on a monthly basis.

No audit recommendation made at this time.



CLOSING REMARKS

The assistance and cooperation received from the Recreation Department staff is greatly appreciated. I enjoyed working with the involved parties and look forward to working with you again in the near future. I am happy to assist

management with the implementation of any of the recommendations made within this report. Thank you.

History of Audit report:

Draft Sent to CFO – July 10, 2023

Review of Draft Report with CFO & Controller – August 29, 2023

Draft Sent to Department Head – September 15, 2023

Draft Report 2nd Review with CFO – October 2, 2023

Final Report Sent to CFO with Request for Distribution – October 5, 2023

APPENDIX A

CASH/CHECK DEPOSITS BY LOCATION AND MONTH

Final

Recreation Cash/Check Deposits by Location and Month - July 2022 through May 2023

	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Total</u>
Recreation Dept.	\$ 112,273.00	\$ 55,095.42	\$ 25,358.20	\$ 87,639.79	\$ 32,385.16	\$ 76,753.56	\$ 219,682.51	\$ 300,073.78	\$ 87,717.89	\$ 168,557.10	\$ 82,462.69	\$ 1,247,999.10
CJD Golf	\$ 12,462.00	\$ 13,288.00	\$ 8,556.00	\$ 5,139.85	\$ 2,710.00	\$ 149.00	\$ -	\$ -	\$ 1,054.00	\$ 6,229.00	\$ 9,575.66	\$ 59,163.51
HSR Golf	\$ 56,114.00	\$ 42,043.28	\$ 67,826.00	\$ 30,049.00	\$ 11,212.00	\$ 2,214.00	\$ -	\$ -	\$ 4,923.62	\$ 31,313.00	\$ 54,778.00	\$ 300,472.90
	<u>\$ 180,849.00</u>	<u>\$ 110,426.70</u>	<u>\$ 101,740.20</u>	<u>\$ 122,828.64</u>	<u>\$ 46,307.16</u>	<u>\$ 79,116.56</u>	<u>\$ 219,682.51</u>	<u>\$ 300,073.78</u>	<u>\$ 93,695.51</u>	<u>\$ 206,099.10</u>	<u>\$ 146,816.35</u>	<u>\$ 1,607,635.51</u>

Unaccounted Differences Between Cash/Check Collected and Deposited

	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Total</u>
Recreation Dept.	\$ -	\$ (480.00)	\$ -	\$ 10.00	\$ 10.00	\$ -	\$ 18.98	\$ 4.95	\$ -	\$ -	\$ -	\$ (436.07)
CJD Golf	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (458.00)	\$ (458.00)
HSR Golf	\$ (57.01)	\$ -	\$ -	\$ (34.00)	\$ -	\$ 76.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15.01)
	<u>\$ (57.01)</u>	<u>\$ (480.00)</u>	<u>\$ -</u>	<u>\$ (24.00)</u>	<u>\$ 10.00</u>	<u>\$ 76.00</u>	<u>\$ 18.98</u>	<u>\$ 4.95</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (458.00)</u>	<u>\$ (909.08)</u>

Recap of Unaccounted Differences:

Total Cash Over	\$ 119.93
Total Cash Under	\$ (1,029.01)
Net	<u>\$ (909.08)</u>

-0.057%
TTL ERROR RATE

APPENDIX B

DEPOSIT TRANSMITTALS POLICIES AND PROCEDURES

Final

Town of Fairfield

Fairfield, Connecticut 06824

INTERNAL AUDIT

(203) 256-2919 (Office)

(203) 256-3080 (Fax)



DEPOSIT TRANSMITTAL POLICIES AND PROCEDURES

PURPOSE OF POLICY:

This policy has been established to provide clear direction to all Town Departments who prepare Deposit Transmittals (also referred to as Yellow Deposit Transmittals or Daily Deposit Transmittals) for recording departmental revenue collections.

Each department is required to maintain an adequate system of internal controls as a means of effectively managing revenue collections. This involves ensuring that all cash receipts are properly collected, reconciled, recorded and deposited intact, in a consistent and timely manner in the Town bank account.

PROCEDURES:

The following procedures are required when completing the Deposit Transmittal prior to its submittal to Finance:

FOR ALL CASH/CHECK BANK DEPOSITS:

1. Bank deposits must be performed by departments on a daily basis for all cash/check collections exceeding the sum of \$250. Cash/check collections of \$250 or less must be performed on a weekly basis. All cash/check collections must be stored in a secure area with restricted access until the bank deposit is made (i.e., safe or other locked area).
2. Record the date that is validated (i.e., stamped) by the bank on the deposit slip as the "Deposit Date" on the Deposit Transmittal.
3. Record the dates that you collected your revenue on the "Collection Date" line on the Deposit Transmittal.

4. Record the dollar amount of revenue collected in the appropriate MUNIS revenue account by A/R code for your department.
5. Finance will notify you when a customer's check is returned by the bank. You must contact that person and obtain a new check, cash or money order to replace it along with a \$20 returned check fee. When you receive the new check, record the replacement revenue on the line that states "Redeposit Returned Checks". Record the \$20 on the line that says "Returned Check Fee".
6. All cash over or under from departmental collections must be recorded in the "Cash Over/Under" account for your A/R Code 010-10100. Any cash over/under in the amount of \$150 or more per Deposit Transmittal must be investigated and reported to Internal Audit.
7. Total per Deposit Transmittal = Total per Bank Deposit Slip = Total per Report(s).
The "Total Deposit" recorded on the Deposit Transmittal must agree to the total dollar amount validated by the bank on the deposit slip. Concurrently, the total amount per the Deposit Transmittal and the validated (stamped) bank deposit slip MUST agree to backup documentation (such as end of day reports) supporting the total amount collected by your department.
8. The preparer must sign the Deposit Transmittal where it says "Completed By".
9. The Department Head must sign the Deposit Transmittal where it says "Authorized Signature". Note that ink stamps of signatures are not acceptable.
10. Tape the validated bank deposit slip to an 8 1/2 x 11" piece of paper. (The same applies to any other small slips of paper submitted with your Deposit Transmittal).
11. Use a paper clip to attach the bank deposit slip and all other associated reports to your Deposit Transmittal.
12. Forward the completed Deposit Transmittal and bank deposit slip to the Finance Department within one week of deposit.

13. Keep a copy of the Deposit Transmittal, validated bank deposit slip and associated backup documents such as end of day cash reports for your records and for auditing purposes.

ADDITIONAL STEPS FOR REPORTING RECEIPTS PERTAINING TO CREDIT CARD PAYMENTS, ON-LINE PAYMENTS OR ACH PAYMENTS & WIRES (MONEY DIRECTLY RECEIVED BY THE BANK):

1. Paper clip the Daily Online Report, monthly credit card statement or other applicable originator/payer report to the Deposit Transmittal.
2. Total per Deposit Transmittal = Total per report or credit card statement.
The “Total Deposit” recorded on the Deposit Transmittal must agree to the total amount per the report or statement from the credit card company or originator/payer.
3. Finance will notify you when a customer’s credit card payment is rejected (declined by the credit card company) or charged back (charge declined by credit card company because disputed by the customer). You must contact that person and obtain a check, cash or money order to replace the payment owed along with a \$20 administrative transaction fee. When you receive the replacement check, record the revenue on the line that states “Redeposit Returned Checks”. Record the \$20 administrative transaction fee on the line that says “Returned Check Fee”.

NOTE: DEPARTMENTS MUST NOTIFY FINANCE BEFORE ESTABLISHING A NEW SYSTEM OF COLLECTING RECEIPTS INCLUDING CREDIT CARD PAYMENTS, ACH PAYMENTS, WIRES, ETC.

May 12, 2023

Town of Fairfield
Fairfield, Connecticut 06824
INTERNAL AUDIT DIVISION
(203) 256-2919 (Office)
(203) 255-7380 (Fax)
csaxl@fairfieldct.org

To: Adam Tulin, Director of Purchasing
From: Connie M. Saxl, Senior Internal Auditor
Subject: CardConnect Credit Card Processing Fees
Date: April 21, 2023
Cc: Jared Schmitt, Chief Fiscal Officer
Dave Kelley, Director of Information Technology



AUDIT PURPOSE AND SCOPE

Internal Audit conducted a review of the fees charged by CardConnect for processing Town department credit card charges. The audit involved a review of a random sample of fees charged on CardConnect monthly statements from 2019 through 2023. The purpose of the audit was to verify that fees charged by CardConnect on monthly credit card statements were in accordance with RFP #2018-85 award dated July 24, 2018.

Town departments who currently use CardConnect:

Department
Parks Department
Recreation Department
Fire Department
Health Department
Community & Economic Development
Town Clerk
Social Services/Senior Center
Solid Waste & Recycling



STATEMENT OF AUDITING STANDARDS

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgements and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.



INTERNAL CONTROL DEFINED

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all the methods used to safeguard assets, to promote accuracy and reliability of the organizations accounting data and records, to encourage compliance with all policies and procedures prescribed by management and to promote the operational efficiency of the organization. Management should understand its responsibilities to implement and maintain adequate internal control systems.



AUDIT FINDING #1

RFP #2018-85 (attachment 1) states in pertinent part that:

...The term of the resulting contract shall be for an initial period of (2) years and, at the discretion of the Town, three (3) potential additional one (1) year extension periods...

...The successful company shall be expected to commence work within (14) calendar days after the receipt of a notice of award from the Town...

...The fees and charges presented in this proposal shall remain firm for initial award period (two years) and be renewed on the same terms and conditions for the potential additional periods of the contract with the following exceptions that shall be adjusted to reflect

increases or decreases in all applicable rates, fees, and assessments established by Mastercard and Visa Interchange rates. The merchant service provider shall notify the Town of Fairfield a minimum of thirty (30) days prior to the effective date of any change of exclusions or service fee increases or decreases. Fees not identified by your Company in your original proposal shall not be considered at any time during the initial contract or the potential extension periods...

...Fee Proposal Schedule...Also, please provide fee information for any services that are billed but are not listed below...

1. The contract for RFP #2018-85 was awarded to CardConnect on July 24, 2018. The 14-day commencement date was August 6, 2018 and therefore, the two-year contract conclusion date was August 6, 2020.

A review of fees charged on department monthly credit card statements from CardConnect in 2020 revealed that the correct fee of \$.0275 cents per dollar sale was properly charged by them for credit card transactions in accordance to RFP award #2018-85. However, it was noted that an additional \$15 monthly statement fee was also charged to each department every month. This fee was not listed on the original Fee Proposal Schedule submitted to the Purchasing Department by CardConnect (attachment 2) for RFP #2018-85 nor was it awarded to them based on this fee schedule. This \$15 monthly statement fee should not have been charged to Town departments every month.

(It should be noted that review of RFP proposals submitted by other credit card processing companies for RFP #2018-85 was outside the audit scope of this review so it is uncertain whether the omission of this fee would have altered the bid award to this contractor.)

2. The Purchasing Department was unable to provide documentation to confirm whether the contract with CardConnect had been extended the three (3) additional one (1) year extension periods per the terms of the RFP award. The Purchasing Department believes that the contract had been extended. If the contract had been properly extended between the two parties, then the termination date will be August 6, 2023.
3. It was noted that credit card processing fees charged by CardConnect had been increasing steadily at varying rates for all Town departments. For example, it increased from June 2020 of \$.0275 per dollar sale (which is

proper and in accordance with the RFP award) up to \$.0325 per dollar sale plus an additional \$.10 per transaction fee for each credit card charge in February 2023. Further, a new fee for debit card charges was introduced in October 2021 of \$.0035 per dollar sale plus a \$.25 per transaction fee. This fee also increased in October 2022 to \$.0065 per dollar sale plus a \$.35 per transaction fee. In December 2021, one department (Solid Waste & Recycling) had been charged an annual membership fee of \$119 along with various network fees on their credit card statement. In December 2022, an annual bundle fee of \$249 was charged to one department (Community and Economic Development) along with various network fees on their credit card statement.

The Purchasing Department was unable to provide documentation to confirm if CardConnect had properly notified the Town thirty (30) days prior to the effective date of any service fee increases as required per the terms of the RFP #2018-85. (This clause would only apply if the contract had been properly extended by the Purchasing Department for the additional 3-year term.)

4. Departments were not notified by the Purchasing Department of the fees that should be reflected on their monthly credit card statements so they currently could not/cannot verify if they are correct or not.

AUDIT RECOMMENDATION #1

It is recommended that the Purchasing Department contact CardConnect and verify that the original contract with them was indeed properly extended the additional three years. If it has been properly extended, then the new fees charged as shown on the monthly statements were improperly applied by CardConnect since no 30 day notification of fee change was submitted. A refund should be due to the Town. If the contract is found to be expired, then the Purchasing Department should prepare and submit a new RFP for credit card processing services in order to obtain better fees for this service elsewhere: especially for Health Department, Community and Economic Development and Solid Waste & Recycling as shown below. These departments are currently at the mercy of the credit card processor who may apply processing and other fees as they see fit.

Department	Note
Parks Department	Software Only Supports CardConnect**
Recreation Department	Software Only Supports CardConnect**

Fire Marshall	Soon switching to Municipity for Online Permitting
Health Department	
Community & Econ. Develop.	
Town Clerk	Has CardConnect but does not use it
Social Services/Senior Center	Software Only Supports CardConnect**
Solid Waste & Recycling	

If a new credit card processor is used: It is also recommended that the Purchasing Department review monthly credit card processing statement fees on a quarterly basis (monthly statements can be easily obtained online) to ensure that they are reasonable and comply with the terms of the RFP award. At a minimum, the pertinent departments should be notified of the fees to expect on their monthly credit card statements. This will provide a secondary departmental review of fees charged by the processor whereby the department can notify Purchasing if they notice that the fees have changed or are incorrect on their monthly statements.

**It is recommended that the Information Technology Department review the current software packages used by these departments to determine if other credit card processors who provide better fees may be used.



AUDIT CONCLUSION

The audit recommendations made within this report will assist the Town, especially the Purchasing Department, in managing credit card processing fees charged to Departments who use credit cards and will assist in ensuring that the fees charged by the credit card processor comply with Town RFP awards.

If Town management wishes to implement the recommendations made within this report, Internal Audit will be happy to assist once it is notified.

Attachment 1

RFP #2018-85



Town of Fairfield

Sullivan Independence Hall
725 Old Post Road

Fairfield, Connecticut 06824
Purchasing Department

(203) 256-3060
FAX (203) 256-3080

RFP #2018-85

Credit Card Processing Services

TOWN OF FAIRFIELD
PURCHASING AUTHORITY
725 OLD POST ROAD
INDEPENDENCE HALL
FAIRFIELD, CT 06824.

Date Submitted _____, 2018.

SEALED PROPOSALS are subject to the standard instructions set forth on the attached sheets. Any modifications must be specifically accepted by the Town of Fairfield, Purchasing Authority.

Bidder:

Doing Business As (Trade Name)

Address

Town, State, Zip

(Mr/Ms) Name and Title, Printed

Signature

Telephone

Fax

E-mail

First Selectman

Director of Purchasing

Date

Sealed proposals will be received by the Purchasing Authority at the office of the Director of Purchasing, First Floor, Independence Hall, 725 Old Post Road, Fairfield, Connecticut 06824, up to:

2:00PM, Thursday, 12th July, 2018

To provide proposal submissions for the purpose of selecting and retaining a qualified company to provide credit card processing services for multiple Town departments.

NOTES:

1. Interested Parties are to complete all requested data in the upper right corner of this page and must return this page with their proposal.
2. No bid shall be accepted from, or contracts awarded to, any person/company/affiliate or entity under common control who is in arrears to the Town of Fairfield upon debt, or contract or who has been within the prior five (5) years, a defaulter as surety or otherwise upon obligations to the Town of Fairfield, and shall be determined by the Town.
3. Proposals are to be submitted in a sealed envelope or package and clearly marked "RFP #2018-85" on the outside, including all outer packaging, such as DHL, FedEx, UPS, etc., envelopes.

REQUEST FOR PROPOSALS

OVERVIEW

The Town of Fairfield ("Town") is seeking proposals from qualified financial institutions to provide payment processing services for debit/credit card and other forms of electronic payments for use throughout applicable Town Departments. The Town would like to continue to offer residents, customers and guests the opportunity to conduct business or pay fees online or at Town facilities with the most current technology and convenience offered by today's merchant account service companies. Additionally, a cursory review of today's competitive merchant services would offer greater and more secure payment options with a reduction in processing fees. The term of the resulting contract shall be for an initial period of two (2) years and, at the discretion of the Town, three (3) potential additional one (1) year extension periods.

GOALS AND OBJECTIVES

The Town would like to continue to offer its residents, customers and guests the opportunity to conduct business with the Town while utilizing debit/credit cards and other forms of electronic payments as a form a payment, whether through face to face transactions, online or over the phone. The Town will perform its due diligence in ensuring that debit/credit card transactions and other forms of electronic payments are conducted in the most secure, efficient, and cost effective manner.

SCHEDULE

The successful Company shall be expected to commence work within fourteen (14) calendar days after the receipt of a notice of award from the Town. A full implementation shall be expected to be completed within **forty-five (45)** calendar days after the initial fourteen (14) day period.

REQUESTS FOR INFORMATION (RFI) / ADDENDA

Questions concerning this RFP must be in writing and directed only to:

Gerald J. Foley, Director of Purchasing
Purchasing Department
725 Old Post Road,
Fairfield, CT 06824
E-mail: GFoley@FairfieldCT.org

Inquiries must reference the RFP due date and must be received no later than 12:00PM on Friday, the 22nd of June. Failure to comply with these conditions will result in the candidate waiving the right to dispute the RFP specifications and conditions.

Response will be in the form of an addendum that will be posted approximately Thursday, 28th of June (close of business) to the Town of Fairfield website: www.fairfieldct.org/purchasing

It is the prospective bidder's responsibility to monitor the website for additional information.

Any contact about this bid between a Bidder and any other Town official and/or department manager and/or Town of Fairfield employee, other than as set forth above, may be grounds for disqualification of that Bidder.

No questions or clarifications shall be answered by phone, in person, or in any other manner other than specified above. All addenda will be posted at www.fairfieldct.org/purchasing under Bid Invitations.

SUBMISSIONS

Submit one (1) original, one (1) electronic pdf version and five (5) hard copies of your proposal submission.

DISSEMINATION OF INFORMATION

During the term of the resulting contract, the successful proposer may not release any information related to the services or performance of services under the contract, nor publish any report or documents relating to the Town, the account or performance of services under the agreement without prior written consent of the Town; and shall indemnify and hold

harmless the Town, its officers, agents, and employees from all liability which may be incurred by reason of dissemination, publication and distribution, or circulation, in any manner whatsoever, of any information, data, documents, or material pertaining to the Town, the account or the contract by the proposer or its agents or employees.

CONTRACT TERMINATION

Either party shall have the ability to terminate the contract for any reason with 60 days written notice. The Town shall also have the right to immediately terminate a contract or a part thereof before the work is completed in the event:

- A. Previous unknown circumstances arise making it desirable in the public interest to void the contract.
- B. The proposer is not adequately complying with the specifications.
- C. The proposer refuses, neglects, or fails to supply properly trained or skilled supervisory personnel and/or workers or proper equipment.
- D. The proposer in the judgment of the Town is unnecessarily or willfully delaying the performance and completion of the work.
- E. The proposer refuses to proceed with work when and as directed by the Town.
- F. The proposer abandons the work.

In the event that the Town must immediately terminate the contract, the Proposer will be paid for all work completed prior to the termination.

SCOPE OF SERVICES

The Town of Fairfield is currently seeking to engage a full-service Company experienced in the development, installation and operation of a credit and debit card processing service for the Town.

1. Provide a competitively based discount for the processing of the major credit cards: Visa, MasterCard, Discover, and American Express.
2. The service shall allow the Town to authenticate the cardholders and use the card's magnetic stripe or chip to authenticate the cardholder and to authorize and capture the transaction.
3. Provide payment, settlement and refunding services.
4. Provide the customer a transactional receipt that has only contains the last four (4) digits of the credit card number and does not show the expiration date.
5. Provide immediate and direct deposit of all payments made by a customer, into a designated Town bank account through a Town-approved banking partner. At no time would the payments flow through a Contractor's bank account.
6. Provide online daily transaction and account reconciliation reports by major credit card and by merchant ID compatible for import into the Town's various systems [Tyler Technologies – MUNIS and Vermont Systems].
7. The proposed solution must be configurable for interaction with the Town's various systems [Tyler Technologies – MUNIS and Vermont Systems].
8. Provide, at no cost to the Town, on-site technical service as may be required in the event of operational difficulties related to transmission of daily transactions or any equipment/software failure or malfunction.

In addition to the above scope of services, the companies that would be replying to this RFP shall:

1. Be a Company or corporation regularly engaged in the acceptance and processing of debit/credit cards and other forms of electronic payments, providing on-line reporting services with at least five (5) years of experience.

2. Demonstrate to the satisfaction of the Town that your Company has adequate financial resources, experienced personnel, and experience in processing debit/credit cards and other forms of electronic payments.
3. Provide documentation to support the qualifications criteria as part of the RFP.
4. Provide a single point of contact for customer relations.
5. Provide real time web-based reporting of transactions by department and/or location.
6. Be fully compliant with all payment Card Industry (PCI) security standards as established by the Payment Card Industry Standards Council.
7. Provide seven (7) days per week technical support.
8. Provide on-line resources for retrieving, reviewing, printing and/or downloading transactions and settlement data in a format compatible for importation into the Town's various systems. [Tyler Technologies – MUNIS and Vermont Systems]
9. Have the ability to provide multiple Town users with access to on-line reporting
10. Provide initial and ongoing training as is necessary

INDUSTRY STANDARDS REQUIREMENT:

The following standard applies to this work:

- a) Compliance with Payment Card Industry (PCI) Data Security Standards.

PROPOSAL REQUIREMENTS

This section establishes certain standards of experience and financial capabilities that the Town deems candidates to be qualified. Proposals that do not meet prescribed standards may be considered non-responsive. Candidate must respond to all questions honestly and completely.

The following describes the submission requirements:

- A. *Executive Summary:* Provide an executive summary – maximum three (3) pages, single spaced – that includes the full Company name, tax identification number and main office address of the primary company. Include annual reports, 10k, balance sheets and any other information detailing the financial stability and organizational ability of the company. The company must have been in business for a minimum of five (5) years. Note all financial information must be in a separate and sealed envelope, marked accordingly. The Town will not divulge such financial information as permitted to extent under law.
- B. *Company Background / History Information:*
 - 1) Provide the business history of the primary Company. Include any changes in your Company's status as the result of merger, acquisition, reorganization or other change in business organizational status. Identify when your company was organized and, if a corporation, where incorporated and number of years engaged in providing full service contract operations under that name. Provide a comprehensive description of corporate ownership and/or operating name. Your Company must also be licensed and currently registered to do business in the State of Connecticut.
 - 2) State whether any elected official or other officer, employee, or person who is payable in whole or in part from the Town currently has any direct or indirect personal interest in your Company. If so, describe the circumstances.
 - 3) State whether your Company or any of its employees or officers has been named as a defendant in any litigation brought as a result of any contract operations for operations and maintenance. If so, name the owner and describe the circumstances, including the outcome of the litigation.

- 4) State whether your Company has ever been terminated, suspended, or replaced on a project other than those contracts that have been terminated due to completion. If so, name the owner and describe the circumstances.

C. *Company Capabilities:* Your Company must demonstrate the capability to successfully provide credit card processing services. Fully describe such experience and provide documentation.

Respondents must provide the following information, concerning their Company's service capabilities:

Merchant Credit Card Processing

- 1) Describe your company's authorization method, list and describe alternative authorization methods.
- 2) What authorization methods do you support and which do you recommend for each processing channel?
- 3) What are the procedures to reverse an incorrect authorization?
- 4) Describe the monitoring and notification process if a transmission fails.
- 5) Outline the security measures in place for the protection of data transmitted for processing.
- 6) Describe the security measures used to prevent unauthorized user access to the system or data. If applicable, please indicate if there has ever been a compromise to any credit card systems or application through a security breach. If yes, explain the process your company took to notify customers, the steps taken to protect the customer's data and the safeguards put in place to prevent it in the future.
- 7) What are your daily workflow deadlines and when are funds credited to a merchant's account?
- 8) Can gross settlements be credited to the bank account daily? Can discounts and interchange fees be settled the subsequent month with a separate invoice?

Merchant Credit Card Processing Capabilities

- 9) Can you provide next day settlement for Visa, MasterCard, AMEX and Discover network transactions?
- 10) What is the latest time that sales transactions can be transmitted to meet these settlement times?
11. How is settlement made by your Company (direct account debit, ACH, or invoice)? Please provide details.
- 12) Please describe how settlement amounts will be listed on the bank statement. Will they appear as one lump sum (meaning one amount for Visa, MasterCard, and Discover, one amount for AMEX)?
- 13) Describe how your Company supports BIN (Bank Information Number) file management to differentiate between debit card and credit card transactions.
- 14) Describe your Company's process to ensure that transactions qualify for the lowest interchange category.
- 15) Describe your Company's procedures to correct duplicate transactions.
- 16) Describe any limitations on the number of files/transactions:
 - a. Number of transactions contained in a batch?
 - b. Number of files transmitted daily?
- 17) Are credit card charge backs or other debit adjustments netted from daily proceeds, or are they debited separately? Please describe your chargeback process in detail.
- 18) Describe your Company's overall pricing structure. Is your Company's offering a fixed cost plus surcharge fee or an interchange plus fee? Complete the cost of services form on page 11 and add other unspecified costs required.

19) List and define transaction fees for authorization, settlement, network, communications and any other fees within your response. Complete the cost of services form on page 11 and include any one-time or set up charges, research fees and include all other fees or charges that will or could be charged (e.g., interchange rates, regular and ad hoc reporting costs). The Town of Fairfield shall not be obligated to pay for any fees not specified in the proposal.

20) Detail any change in associate fees (Visa and Master Card) that would be charged through your Company's proposed program from the published interchange rates of these companies.

Online Information Reporting Services

21. Describe all reports available and the software used to receive and view reports. Provide an overview of reporting cycles, procedures, and capabilities. Provide a sample of each detail and summary report available or a link to sample reports online.

22. Are reports or other information available via the Internet, PC access, or other online method?

23. Define the download capabilities, level of customization, and drill down capabilities available on online reporting and reports. Describe the daily and/or monthly reconciliation reports available to the merchant and provide sample reports. The following categories need to be defined:

- a) Standard reports (transaction reports, funding reports, etc.)
- b) Special reporting capabilities
- c) Level of detail available
- d) Retrieval capabilities
- e) Imaging capabilities
- f) Reporting frequency

24. Does your Company have the capability of providing reports segregated by each Town department for a twelve (12) month period? Please describe in detail.

25. If multiple merchant numbers are used describe how multiple merchant numbers are reported and the flexibility afforded the merchant for customizing the reports. Can the merchant "roll up" specified groups for reporting independent of other groups?

26. Do reports include AMEX and Discover transactions for reconciliation and research purposes?

27. Is your Company's online information reporting system owned and operated internally or is the system outsourced through a third party? If through a third party, please identify the third party. Are improvement and changes to the service controlled by the bank or a third party?

28. Can your Company provide a download of historical information regarding transactions, refunds, and charge backs maintained in a database for access by the merchant? If so, what access method is available? Please describe in detail.

29. How many business days of transaction data are stored on the reporting system and available for the customer to access?

30. Describe your Company's capability to store and retrieve transaction information, including signatures for bank card transactions? Provide details.

31. Describe the daily and/or monthly reconciliation reports that are available from your Company.

32. Describe your Company's capability to track credit card transactions for each Town department, creating an audit trail to be used by system administrators or supervisors.

Card Acceptance/Interface Processing

33. Describe the hardware necessary for acceptance of credit and debit cards (a) with card present, (b) when card not present, (c) via e-Commerce (internet), and (d) pin-based debit.

34. Does your Company provide the equipment on a lease or purchase basis? Do you offer an equipment maintenance plan? If so, what is the turnaround time and costs involved?

35. Describe in detail how your Company can process transactions from various gateways. Provide a list of all payment gateways supported and address all fees for setup, monthly recurring charges and per transactions fees on the Cost of Services Form.

36. Describe the process to add additional third party gateways.

Third-Party Processing

37. Explain your Company's role; are you an acquirer, processor, other?

38. Do you rely on third parties to process your merchant credit card transactions? If so, explain and provide the years of service you have been doing business with them and describe your relationship with your third party processor.

39. Describe in detail how your services are integrated with third party software, websites and gateways.

40. Identify your payment gateway provider and the number of years you have had a relationship with them.

Statutory/Regulatory or Card Association Rules

41. Do you foresee any statutory, regulatory, or card association rule modifications that will change the merchant credit card processing industry?

42. What is your Company's approach on providing input into policy rules or regulatory changes related to credit and debit cards? What have been the results of your activity?

Payment Card Industry Data Security Standards

43. Describe your PCI-DSS compliance status and program.

44. How does your Company maintain your compliance with the PCI standards?

45. Is your Company and all of your partners, subcontractors and third-party processors, in compliance with all applicable PCI DSS standards? Has your Company been certified as compliant by a qualified third-party assessor? Please name the assessor.

46. What is your role in supporting merchant PCI compliance and how do you help a merchant like the Town of Fairfield maintain its compliance?

Alternative Payment Services

47. Discuss optional and alternative payment services that your Company believes may help the Town of Fairfield expand merchant credit card payment options for its departments?

A few alternative payment options that are of interest to the Town are:

a) Mobile Payments

1. Does your mobile reporting service work on the iPhone, Android Phones and/or Blackberry Phone or other devices?

2. What software (names and version numbers) is required to use your mobile reporting services?

3. How many customers do you have using your mobile merchant card processing product? How many transactions are you processing monthly? How many dollars are processed monthly?

b) Contactless Payment Cards/Wallet Solutions i.e. MasterCard PayPass, Apply Pay, Google Pay, etc....

c) Marketing and promotion campaigns to increase adoption of merchant credit card payments.

Implementation

48. Provide a detailed description of the implementation process, including testing and a suggested Implementation Schedule. The Implementation Schedule must outline the milestone dates to accomplish each task and should include details of the specific tasks, as well as dates and resources assigned and identified for each milestone.

49. Describe support provided during implementation, including training, technical assistance, user manuals and on-site visits.

50. Describe support provided after implementation.

- D. *Resumes:* Include resumes and project lists of the key personnel proposed to work on the project.
- E. *Subcontractor Information:* Identify any subcontractors, if any, who will perform work on this project. The Town retains the right to reject any and all proposed subcontractors. This provision applies through the term of the contract.
- F. *Experience / References:* State your Company's relevant prior experience for these services in Municipalities, include with your proposal submission a list of all clients served during the past five (5) years, complete with names, addresses and telephone numbers of contact persons for each. Provide the client name, contact, address, and phone number of at least three (3) municipal clients that your company has or is servicing, if available.
- G. Your Company may include additional information considered relevant to this project.
- H. Fee Proposal Form - Complete the attached Fee Proposal Form and include with your submission. Attach additional breakdown of fees for reference, however, all costs for the project shall be illustrated and absorbed per the "not to exceed" pricing on the Fee Proposal Form.

1. Fees and other charges

Your Company must provide a merchant fee schedule based on the activity and volume as described in the Cost of Services Form (page 11), include fee information for all items on this form. If the following:

1. Setup Fee
2. Monthly Maintenance
3. Monthly Minimum Discount
4. Interchange Fees
4. Chargeback Fee
5. Authorization Fee
6. Online Access Fee
7. Return Fee
8. Wireless Fee
9. Wireless Authorization Fee
10. Any other fees

The fees and charges presented in this proposal shall remain firm for initial award period (two years) and be renewed on the same terms and conditions for the potential additional periods of the contract with the following exceptions that shall be adjusted to reflect increases or decreases in all applicable rates, fees, and assessments established by MasterCard and Visa Interchange rates. The merchant service provider shall notify the Town of Fairfield a minimum of thirty (30) days prior to the effective date of any change of exclusions or service fee increases or decreases. Fees not identified by your Company in your original proposal shall not be considered at any time during the initial contract or the potential extension periods.

PERFORMANCE STANDARDS

A. Performance Requirements

- Accurate and consistent processing of debit/credit card transactions and other forms of electronic payment.
- Timely payment of transactions deposited directly into a designated Town of Fairfield bank account.
- Accurate and timely online reporting of debit/credit card transactions and other forms of electronic payment.
- Timely and accurate submittal of invoices to appropriate department.
- Responsive and knowledgeable person designated as the single-point of contract for matters related to the contract and processing of debit/credit card transactions and other forms of electronic payment.

B. Performance Measurement/Evaluation

- Did the Company implement debit/credit card processing capability in a timely manner by department?
- Did the Company respond to Town correspondence in a timely manner?
- Were complaints/problems resolved in a reasonable and cooperative manner?
- Was the Company reasonable and responsive to Town needs?

ASSIGNMENT OF KEY STAFF

The key member(s) of the contract identified must be assigned to the contract and must remain assigned to the contract for its duration, unless the Town agrees in writing to modify the assignment. If a key member leaves during the course of the contract, the Town must be notified immediately, and the contractor must submit the replacements name and credentials for approval by the Town prior to that person starting work on the contract.

AUDIT OF RECORDS

Proposer(s) affirmatively acknowledges and agrees that pursuant to any ensuring contract, successful proposer shall maintain adequate books of account with respect to its services, in accordance with generally accepted accounting principles (GAAP) in a form and method acceptable to the Town. Successful proposer(s) shall permit the Town and Town's agents from time-to-time within forty-eight (48) hours written notice, to inspect, copy and audit during successful proposer(s) normal business office hours, the books and records pertaining to the services provided under this Agreement. The Town's right to audit, inspect, and make copies of FIRM's records shall be at the sole expense of the Town.

Periodic and/or Annual Reports. At any time, the Town may request that the successful Companies with the minimum of thirty (30) days written notice, prepare and/or produce a report of the results of operations, as it pertains to any ensuring agreement, in the previous calendar year prepared in accordance with generally accepted accounting principles (GAAP). The report must be prepared and certified by an independent certified public accounting firm. (For purposes of said agreement, each "calendar year" begins on January 1 and ends on December 31 of the same year.)

RECORD RETENTION

The successful Company shall maintain all records in relation to this proposed agreement at its location for a period of at least five (5) years upon expiration or earlier termination of the contract or for a period stipulated by the governing State and Federal regulations, whichever is longer.

NO GUARANTEE OF QUANTITIES

The Town of Fairfield does not guaranty quantity or services required in the scope of work defined herein. The successful Company shall provide all materials, labor, and equipment, whether specified or not, to provide a complete working system.

The quantities of items or extent of scope of work are estimated values. In the event a greater or lesser quantity is required, the Town reserves the right to increase or decrease said values in accordance with the pricing schedule.

EVALUATION

The evaluation criteria shall consist of, but not limited to, the following:

- Company's qualifications
- Company's proposed personnel, organizational strength, industry certifications and achievements
- Proposed Fees
- Proposed Reporting capabilities – depth and ease of accessing transactional data
- Proposed timeline and schedule
- References - Comparable projects completed
- Financial Profile of the Company

The Town reserves the right to reject any and all proposals, waive formalities, informalities and technicalities therein, and to take whatever proposal they determine to be in the best interest of the Town, considering cost, proposal content qualifications of the firm, quality of the project approach, time of delivery or completion, responsibility of consultants being considered, previous experience of consultants with Town, State, and Federal contracts, or any other factors could be deemed appropriate.

SELECTION PROCESS

- 1) If it is determined that interviews are required as part of the award process, multiple finalists may be selected.
- 2) Prior to final selection, each candidate or firm may be required to present their proposed solution to relevant Town bodies for approval.
- 3) Presentations will be scheduled as promptly as possible.

SELECTION CRITERIA

Description	Points
Company's qualifications	20
Company's proposed personnel, organizational strength, industry certifications and achievements	20
Proposed Fees	30
Proposed reporting capabilities – depth and ease of accessing transactional data	10
Proposed timeline and schedule	10
References - Comparable projects completed	5
Financial Profile of the Company	5
Total Maximum Points:	100

DISCLAIMER

This RFP does not commit the Town to award a contract or pay any costs incurred during the preparation of the qualifications package. The Town reserves the right to reject any or all of the proposals for completing this work.

FEE PROPOSAL FORM

TOWN OF FAIRFIELD, 725 OLD POST ROAD, FAIRFIELD, CT 06824

Based on the projected monthly volumes show below, please provide a monthly schedule of fees for the Town of Fairfield card processing services. Since actual data was not available to the Town, for bidding purposes volume and transactional data have been estimated. Also, please provide fee information for any services that are billed but are not listed below.

SERVICE	Volumes	Sales	Costs
<i>In-Person Transactions</i>			
Visa	2,226	\$112,780.00	\$
Master Card	1,118	\$ 58,595.00	\$
Discover	60	\$ 3,550.00	\$
American Express	636	\$ 39,380.00	\$
Total In-Person Transactions	4,040	\$214,305.00	\$
<i>Over the phone Transactions</i>			
Visa	0	\$ 0.00	\$
Master Card	0	\$ 0.00	\$
Discover	0	\$ 0.00	\$
American Express	0	\$ 0.00	\$
Total over the phone Transactions	0	\$ 0.00	\$
<i>On-line (Internet) Transactions</i>			
Visa	1,003	\$ 75,900.00	\$
Master Card	510	\$ 37,300.00	\$
Discover	40	\$ 2,820.00	\$
American Express	374	\$ 27,830.00	\$
Total over the phone Transactions	1,927	\$143,850.00	\$
<i>Other Fees:</i>			
Set-up – Installation fee(s)			
Interchange fees			
Monthly Maintenance fee			
Monthly Minimum (s)			
Online Reporting (daily) – monthly rate			
Computer Programming (hourly rate)			
Point of Sale terminals (each)			
Point of Sale terminal supplies			
Fraud Protection fee(s)			
Chargeback / Return Fee			
Online Access Fee			
E-Check Return Fee			
Wireless Fee			
Wire Authorization Fee			
Other Fee: _____			
Other Fee: _____			
Other Fee: _____			
TOTAL MONTHLY FEE:			\$

Company Name _____

Address: _____

Name of Authorized Representative: _____

Title of Authorized Representative: _____

Signature: _____ Date: _____

**PURCHASING AUTHORITY
TOWN OF FAIRFIELD
INSTRUCTIONS FOR BIDDERS
TERMS AND CONDITIONS OF BID**

ACCEPTANCE PERIOD

In submitting the proposal, the Candidate agrees that the proposal will remain valid for a period of ninety (90) days after the closing date for submission, and may be extended beyond that time by mutual agreement. Prices quoted must be firm, for acceptance by the Town of Fairfield, for a period of ninety (90) days.

THE CANDIDATE

The Candidate shall be thoroughly familiar with the requirements of all specifications and the actual physical conditions of the various actual and proposed project sites. The submission of a proposal shall be construed as evidence that the Candidate has examined the actual job conditions, requirements, and specifications. Any claim for labor, equipment or materials required or difficulties encountered that could have been foreseen will not be recognized.

ASSIGNMENT OF CONTRACT

No contract may be assigned or transferred without the prior written consent of the Purchasing Authority.

FEDERAL, STATE AND LOCAL LAWS

All applicable Federal, State, and local laws, and rules and regulations of all authorities having jurisdiction over the locality of the project shall apply to the contract and are deemed to be included herein.

INSURANCE

The Contractor shall not commence any work under the Contract until all insurance required by this section has been obtained and Certificates of Insurance and any other evidence of required coverage requested by the Town, including a copy of the policy itself, have been received and approved by the Town.

Such policies shall stipulate that no coverage can be changed or canceled, including for non-payment of premium, unless the Town has had thirty (30) days prior notice in writing. Certificates of renewals or changes in policies shall be delivered to the Owner at least thirty (30) days prior to the expiration of the policy.

All insurance issuers chosen by the Contractor must be licensed to do business in the State of Connecticut and rated A- or better by A.M. Best Rating Services, subject to review by the Town of Fairfield.

The Town always reserves the right to reject insurance companies, if approved insurance policies cannot be provided the contract shall be terminated.

The insurance requirements set forth below are minimum limits of coverage only and in no way limit the Contractor's liability.

The following insurance is required to be maintained in full force until all work required by the contract has been fully completed, except that Products/Completed Operations coverage shall be maintained for five (5) years. Insurance will be primary with a 30-day notice of cancellation in favor of the Town of Fairfield.

Worker's Compensation Insurance: The Contractor shall carry Worker's Compensation and Employer's Liability Insurance in the form and in such amounts as may be currently required to comply with the Labor Laws of the State of Connecticut.

Automobile Insurance: The Contractor shall carry and maintain during the life of the Contract a policy with a combined single limit of \$1,000,000 and rider CA9948 or equivalent.

This policy shall include all liability of the Contractor arising from the operation of all self-owned motor vehicles used in the performance of the Contract; and shall also include a "non-Ownership" provision covering the operation of motor vehicles not owned by the Contractor, but used in the performance of the work.

Commercial General Liability:

- Bodily Injury and Property Damage \$1,000,000 each occurrence / \$2,000,000 aggregate
- Products/Completed Operations \$1,000,000 each occurrence / \$2,000,000 aggregate

This policy shall include Subcontractor's Liability coverage, protecting the Contractor and the Town against liability arising out of the activities of Subcontractors engaged by him in the performance of the work. .

Excess /Umbrella Policy: An excess or umbrella policy in the amount of \$5,000,000, covering general liability, auto liability, and employer liability is required.

Professional Liability: A professional liability (errors & omissions) policy in the amount of \$1,000,000. This policy should in place for at least 2 years after completion of work, with the Town listed as additional insured

Waiver of Subrogation: Waiver of subrogation is required on all policies.

Additional Insureds: The following entities shall be named as additional insureds on the General Contractor's and Subcontractors' Commercial General Liability, Automobile and Excess/Umbrella:

- Town of Fairfield, its officers, employees and agents, and the Board of Education, its officers, employees and agents.

Subcontractor's Insurance: Each Subcontractor engaged by the Contractor to perform any work under the Contract shall obtain all insurance required of the Contractor in the same amounts and subject to the same provisions specified above for the Contractor, including the Additional Insured requirement. Certificates of Insurance shall be submitted to the Contractor and the Town and approved by the Town, before commencing any work.

ADDITIONAL INSURED

The Town of Fairfield, Fairfield Board of Education, its officers, officials, employees, agents, Boards, and Commissions shall be named as Additional Insureds. The coverage shall be primary and non-contributory and contain no special limitations on the scope of protection afforded to the Town of Fairfield. A waiver of subrogation applies under general liability, auto liability and workers compensation.

HOLD HARMLESS

Contractor shall defend, indemnify, and hold harmless the Town of Fairfield, its officers, employees, agents or volunteers, from and against any and all claims and demands of any nature for any loss, damage or injury which any person may suffer by reason of, or in any way arising out of, this Agreement, unless caused by the sole negligence of the Town.

TAXES, FEES, CODE COMPLIANCE, LICENSING

The company shall be responsible for payment of any required permits, licenses, taxes or fees associated with the execution of the performance contract. The company shall be responsible for compliance with all applicable codes and laws. If there are tax credits that Town is not qualified for but the company is, those savings will be passed on to Town.

RIGHT TO ACCEPT / REJECT

AFTER REVIEW OF ALL FACTORS, TERMS AND CONDITIONS, INCLUDING PRICE, THE PURCHASING AUTHORITY OF THE TOWN OF FAIRFIELD RESERVES THE RIGHT TO REJECT ANY AND ALL BIDS, OR ANY PART THEREOF, OR WAIVE DEFECTS IN SAME, OR ACCEPT ANY PROPOSAL DEEMED TO BE IN THE BEST INTEREST OF THE TOWN OF FAIRFIELD.

Provide subcontractor details where they are to be employed as part of this contract, including labor rates:

SUBCONTRACTOR #1:

Name of Company _____ Fed ID # _____
Contact Person _____ Phone _____
Company Address _____ Fax _____
Assignment _____ Email _____
Identify Role and Hourly Rates _____

SUBCONTRACTOR #2:

Name of Company _____ Fed ID # _____
Contact Person _____ Phone _____
Company Address _____ Fax _____
Assignment _____ Email _____
Identify Role and Hourly Rates _____

SUBCONTRACTOR #3:

Name of Company _____ Fed ID # _____
Contact Person _____ Phone _____
Company Address _____ Fax _____
Assignment _____ Email _____
Identify Role and Hourly Rates _____

SUBCONTRACTOR #4:

Name of Company _____ Fed ID # _____
Contact Person _____ Phone _____
Company Address _____ Fax _____
Assignment _____ Email _____
Identify Role and Hourly Rates _____

REFERENCES

Provide reference details of most recent similar scope projects performed:

REFERENCE #1:

Name of Company _____ Phone _____
Contact Person _____ Cell _____
Company Address _____ Fax _____
Date work completed _____ Email _____

REFERENCE #2:

Name of Company _____ Phone _____
Contact Person _____ Cell _____
Company Address _____ Fax _____
Date work completed _____ Email _____

REFERENCE #3:

Name of Company _____ Phone _____
Contact Person _____ Cell _____
Company Address _____ Fax _____
Date work completed _____ Email _____

REFERENCE #4:

Name of Company _____ Phone _____
Contact Person _____ Cell _____
Company Address _____ Fax _____
Date work completed _____ Email _____

REFERENCE #5:

Name of Company _____ Phone _____
Contact Person _____ Cell _____
Company Address _____ Fax _____
Date work completed _____ Email _____

Attachment 2

Fee Proposal Form

CardConnect Submission for RFP #2018-85 dated June 23,
2018

FEE PROPOSAL FORM

TOWN OF FAIRFIELD, 725 OLD POST ROAD, FAIRFIELD, CT 06824

Based on the projected monthly volumes show below, please provide a monthly schedule of fees for the Town of Fairfield card processing services. Since actual data was not available to the Town, for bidding purposes volume and transactional data have been estimated. Also, please provide fee information for any services that are billed but are not listed below.

SERVICE	Volumes	Sales	Costs
In-Person Transactions			
Visa			
Master Card	2,226	\$112,780.00	\$ 3101
Discover	1,118	\$ 58,595.00	\$ 1611
American Express	60	\$ 3,550.00	\$ 97
Total In-Person Transactions	636	\$ 39,380.00	\$ 1082
	4,040	\$214,305.00	\$ 5891
Over the phone Transactions			
Visa			
Master Card	0	\$ 0.00	\$
Discover	0	\$ 0.00	\$
American Express	0	\$ 0.00	\$
Total over the phone Transactions	0	\$ 0.00	\$
On-line (Internet) Transactions			
Visa			
Master Card	1,003	\$ 75,900.00	\$ 2087
Discover	510	\$ 37,300.00	\$ 1025
American Express	40	\$ 2,820.00	\$ 77
Total over the phone Transactions	374	\$ 27,830.00	\$ 765
	1,927	\$143,850.00	\$ 3954
Other Fees:			
Set-up - Installation fee(s)			
Interchange fees			—
Monthly Maintenance fee			—
Monthly Minimum (s)			—
Online Reporting (daily) - monthly rate			—
Computer Programming (hourly rate)			—
Point of Sale terminals (each)			—
Point of Sale terminal supplies			5891859 or \$25/dev rental
Fraud Protection fee(s)			—
Chargeback / Return Fee			—
Online Access Fee			25
E-Check Return Fee			—
Wireless Fee			N/A
Wire Authorization Fee			—
Other Fee:			—
Other Fee:			—
Other Fee:			—
TOTAL MONTHLY FEE:			\$9845

Company Name Cardconnect
 Address: 1828 Walnut St #201, KCMO
 Name of Authorized Representative: Lauren Neal
 Title of Authorized Representative: Senior Sales
 Signature: [Signature] Date: 7/23/18

Without equipment

Town of Fairfield

Fairfield, Connecticut 06824

INTERNAL AUDIT

(203) 256-2919 (Office)

(203) 256-3080 (Fax)

csaxl@fairfieldct.org

To: Adam Tulin, Director of Purchasing
John Marsilio, Interim Director of Public Works
From: Connie M. Saxl, Town Internal Auditor
Subject: Audit: GovDeals Revenue Received From Auction of Town Vehicles,
Machinery and Equipment
Date: October 3, 2023
Cc: Jared Schmitt, Chief Fiscal Officer
Dean Veno, Garage Supervisor, Department of Public Works
Brenda Kupchick, First Selectwoman
Thomas Bremer, Chief Administrative Officer
Cathleen Simpson, Director of Human Resources
James Baldwin, Town Attorney
All Internal Audit reports are distributed to the Audit Sub-
Committee and Board of Finance members and are posted as backup
whenever reports on Internal Audit activities are made. Backup
reports are located on the Town of Fairfield website:
www.fairfieldct.org

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## AUDIT SCOPE

Internal Audit examined the revenue generated from Town vehicles and equipment sold at auction through a company called GovDeals. The scope of the audit covered the period of July 1, 2021 through March 15, 2023.



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AUDIT PURPOSE

The purpose of the audit was to:

- Ensure that all revenue associated with the sale of auctioned Town vehicles and equipment was properly received in the Town General Fund Bank account via ACH deposit and was properly recorded in MUNIS.
- Identify and disclose any weaknesses existing among departmental internal controls and to advise where improvements among daily operations can be made in order to increase the department's efficiency and effectiveness.

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### **STATEMENT OF AUDITING STANDARDS**

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgements and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.

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INTERNAL CONTROL DEFINED

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all the methods used to safeguard assets, to promote accuracy and reliability of the organizations accounting data and records, to encourage compliance with all policies and procedures prescribed by management and to promote the operational efficiency of the organization. Management must understand its responsibilities to implement and must maintain adequate internal control systems.

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**AUDIT FINDING #1**

The Town of Fairfield utilizes an auction house called GovDeals for the sale of obsolete vehicles and machinery and equipment to the public. GovDeals exclusively works with government and educational agencies using an online auction platform. They charge a 12.5% buyer's premium upon auction award. In essence, the buyer pays the premium to GovDeals and the Town receives 100% of the auction sale price. The total dollar amount received from GovDeals for the period of July 1, 2021 through March 15, 2023 revealed that \$161,066.78 was received from the sale of 73 obsolete vehicles and machinery and equipment through online auctions. The detail of auction receipts by date is as follows:

| <b>GovDeals</b>                           |                      |                            |                               |
|-------------------------------------------|----------------------|----------------------------|-------------------------------|
| <b>Amount Received from Auction Sales</b> |                      |                            |                               |
| <b><u>Date</u></b>                        | <b><u>Amount</u></b> | <b><u># Items Sold</u></b> | <b><u>Avg. Sale Price</u></b> |
| 10/15/2021                                | \$ 12,817.78         | 10                         | \$ 1,281.78                   |
| 10/22/2021                                | \$ 85,286.00         | 11                         | \$ 7,753.27                   |
| 10/29/2021                                | \$ 14,709.00         | 4                          | \$ 3,677.25                   |
| 11/5/2021                                 | \$ 2,272.00          | 5                          | \$ 454.40                     |
| 11/12/2021                                | \$ 2,395.00          | 2                          | \$ 1,197.50                   |
| 11/19/2021                                | \$ 190.00            | 1                          | \$ 190.00                     |
| 1/3/2022                                  | \$ 3,031.00          | 7                          | \$ 433.00                     |
| 1/7/2022                                  | \$ 32,031.00         | 19                         | \$ 1,685.84                   |
| 1/14/2022                                 | \$ 4,754.00          | 5                          | \$ 950.80                     |
| 1/21/2022                                 | \$ 432.00            | 3                          | \$ 144.00                     |
| 2/4/2022                                  | \$ 581.00            | 2                          | \$ 290.50                     |
| 8/9/2022                                  | \$ 66.00             | 1                          | \$ 66.00                      |
| 10/7/2022                                 | \$ 27.00             | 1                          | \$ 27.00                      |
| 11/25/2022                                | \$ 1,075.00          | 1                          | \$ 1,075.00                   |
| 1/20/2023                                 | \$ 1,400.00          | 1                          | \$ 1,400.00                   |
|                                           | <b>\$ 161,066.78</b> | <b>73</b>                  | <b>\$ 2,206.39</b>            |

It was noted on one occasion where a Fire Department vehicle was sold at auction for \$1,400 and was picked up by the customer in November 2022 but the Town did not receive payment because no one had notified the DPW Garage Supervisor or the Purchasing Department of the sale or customer pickup. Upon learning that the money had not been received by the Town in January 2023, Finance promptly

notified the DPW Garage Supervisor who logged in to the GovDeals online system to update customer pickup information thus initiating payment to the Town. The money owed to the Town was received shortly thereafter via ACH credit in the Town bank account by GovDeals.

Internal Audit obtained access to log in to the GovDeals online database. An audit review of all items sold at auction from July 1, 2021 through March 15, 2023 did not reveal any other auctioned items where the money had not been received by the Town.

The final sale amounts for auctioned items sold and picked up by customers were traced to the General Fund Bank account for proper ACH credit (deposit) amount and to MUNIS accounting records for proper recording of revenue without exception.

### **AUDIT RECOMMENDATION #1**

It is recommended that the Director of Purchasing be the primary person who has the chief responsibility for reviewing and approving the disposal of all Town department surplus/obsolete property prior to auction. This also includes the responsibility of coordination of all aspects surrounding the initial auction (including setting up photographs, providing detailed descriptions of items to be sold at auction and setting up the auction date with the online auction house - GovDeals) of all Town vehicles, machinery and equipment.

It is further recommended that the DPW Garage Supervisor be assigned as the main point of contact who handles the temporary storage and the tracking of customer pickup of auctioned vehicles or other machinery and equipment sold. All auctioned items should be parked/stored in the Department of Public Works (DPW) lot or other appropriate place at DPW until customer pickup (customers must pick up their purchased items within ten days of the close of auction and provide identification and proof of auction award). If the auctioned item cannot be stored at the DPW lot due to the size and/or nature of the item then the Director of Purchasing must notify the DPW Garage Supervisor of the location of the auctioned item and its pickup. The DPW Garage Supervisor can then update the GovDeals online system as "picked up" and notify Finance to expect the funds to be deposited in the Town General Fund bank account within 3 to 5 business days and also to adjust fixed asset records. Regular review of the GovDeals online system ten days after the close of scheduled auctions should be conducted by the DPW Garage Supervisor to ensure that:

1. Items that have sold at auction are not still sitting in the lot after a two-week period without customer pickup. (Note: The Town does not receive payment if the customer does not pick the item up.)
2. Items that have been picked up by customers are properly reflected as such in the GovDeals online system to ensure that the Town receives its money.

~~ The DPW Garage Supervisor agreed that he would be the point of contact and will comply. ~~

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AUDIT FINDING #2

Town Code - Chapter 4, Article II, Section 4-5 entitled Personal Property (Attachment 1) provides the rules and regulations governing the disposal of surplus Town property. Auctions reviewed during the audit from July 2021 to present failed to comply with the requirements mandated in the Town Code. Internal Audit distributed the Town Code to the Director of Purchasing for his review and consideration.

It should be noted that the aforementioned Town Code was adopted on June 27, 1983. Past practice within the Town prior to using Gov Deals had also failed to comply with the requirements mandated in the Town Code. The past practice had been to auction machinery and equipment through an auction warehouse called Public Surplus.

AUDIT RECOMMENDATION #2

It is recommended that the Director of Purchasing request that Town Code - Chapter 4, Article II, Section 4-5 be reviewed by the Town Attorney. The Town Attorney should send the Director of Purchasing his official opinion/ruling in writing on whether future auctions of surplus vehicles, machinery and equipment, etc. should fully comply with the rules mandated in this Code or if it should be revised/amended. All future auctions should fully comply with the opinion/ruling provided by the Town Attorney.

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### **AUDIT FINDING #3**

It was noted during the course of the audit that formal written policies and procedures are not in place which govern the auction of Town surplus or obsolete property. (This assumes that the Town is properly complying with the aforementioned Town code or Town Attorney ruling.) Written guidelines outlining how and why auctioned items are selected are not present, including, but not limited to:

1. What specific items are eligible for auction?
2. Who reviews and approves auctioned items?
3. Who determines the item/asset's fair market value?
4. What are the criteria/justification used to determine which items are eligible for auction?
5. Should prospective auctioned items first be offered to other Town Departments if deemed to be useful or is trade-in more cost beneficial than auction?
6. Are Town employees, officials and their relatives eligible to bid on auctioned items?

### **AUDIT RECOMMENDATION #3**

It is recommended that official, written policies and procedures be created and adopted which govern the parameters surrounding the auction of Town surplus or obsolete property. Internal Audit prepared a draft "Policies and Procedures for Auction of Town Surplus/Obsolete Property" (Attachment 2) for management's review and for use as a guide for the creation of an official Town policy. Adherence to this recommendation will eliminate questions surrounding the auction of Town property and will ensure that auctioned property is done in compliance with prescribed Town policies and procedures.

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CLOSING REMARKS

The audit recommendations made within this report will assist the Town with the tracking of revenue received from items sold at auctions as well as ensuring proper compliance with Town Code and other adopted policies and procedures.

The assistance and cooperation received from the both the Director of Purchasing, Purchasing Buyer and DPW Garage Supervisor during this audit was greatly appreciated. I enjoyed working with the involved parties and look forward to working with them again in the near future.

If Town management wishes to implement the recommendations made within this report, I will be happy to assist once notified. Thank you.

History of Audit Report:

Draft Report submitted to CFO - 3/17/2023

Meeting with CFO and Controller re: Draft Report - 8/30/2023

Draft Report submitted to Department Head - 9/1/2023

Discussion of Draft Report with Department Head - 9/12/2023

2nd Draft Report submitted to Department Head & CFO - 9/13/2023

Final Report submitted to CFO with request for distribution: 9/15/2023

Meeting with CFO regarding Final Report: 10/2/2023

Final Report submitted to CFO with request for distribution: 10/3/2023

Attachment 1

Town Code

Chapter 4. Administration

Article II. Disposal of Surplus Property

Section 4.5. Personal Property

*Town of Fairfield, CT
Thursday, March 16, 2023*

Chapter 4. Administration

Article II. Disposal of Surplus Property

§ 4-5. Personal property.

- A. Whenever any town officer, board or commission determines that any article of personal property under its jurisdiction is no longer useful for its purposes and should be disposed of, it shall notify the Purchasing Authority and shall furnish the Purchasing Authority with a description of such property. The Purchasing Authority shall thereupon notify each other town officer, board or commission of the availability of such property.
- B. If some other officer, board or commission shall, within 10 days after such notice, advise the Purchasing Authority that such property, or any of it, will be useful for its purposes, the Purchasing Authority shall notify the Board of Finance, and such transfer of the property shall be made as shall be approved by the Board of Finance.
- C. If no officer, board or commission shall, within 10 days after such notice, advise the Purchasing Authority that any of such property will be useful for its purposes or if no transfer of such property shall be approved by the Board of Finance, the Purchasing Authority shall proceed to dispose of such property by sale or, if a sale be not feasible, by any other means which it shall deem reasonable.
- D. Before selling any of such property, the Purchasing Authority shall determine its value, and, if such value is more than \$100, the Purchasing Authority shall advertise for bids and shall sell such property to the highest bidder.

Attachment 2

**DRAFT - "Policies and Procedures for Auction of Town
Surplus/Obsolete Property"**

Town of Fairfield

Policies and Procedures for Auction of Town Surplus/Obsolete Property

PURPOSE AND SCOPE:

This policy is designed to provide guidance over the policies and procedures pertaining to the auction of Town of Fairfield property that is no longer needed or has no practical use to any particular Town department and is deemed surplus or obsolete.

DEFINITIONS:

Practical Use: The use of something for a reasonable purpose.

Surplus/Obsolete Property: Town owned property (i.e., automobiles/vehicles, bicycles, electronics, furniture, seized and unclaimed property, machinery and tools, miscellaneous equipment, office machines) that is no longer needed or has no practical use to a particular Town Department.

APPLICABILITY:

This policy applies to all Town Officials, employees and users including, but not limited to, full time, part time, and intermittent / seasonal / special employees.

This policy applies to all Town property except:

- Items purchased with grant funds which shall be disposed of in accordance with applicable grant requirements. If no disposal requirements exist, the Purchasing Authority will determine how to best dispose of such property.
- Seized or unclaimed property within the Police Department which shall be handled and disposed of in accordance with applicable Federal, State, and local requirements.
- Computer and electronic data storage equipment which shall be returned to the IT Administrator for proper data wiping and disposal. This includes, but is not limited to computers, laptops, tablets, servers, routers and hubs, phones, cameras, fax machines, copiers, scanners, monitors, external hard drives, and any similar device that may hereafter become available for use.

GENERAL GUIDELINES:

1. The Purchasing Authority is responsible for coordinating the auction of Town surplus or obsolete property.
2. Department Heads desiring to auction Town surplus or obsolete property shall forward a written, detailed description of the item(s) that are requested to be auctioned to the Purchasing Authority along with the item's estimated fair market value and reason/justification for its auction.
3. The Purchasing Authority will review and approve the auction sale.
4. If the Purchasing Authority finds that such property is not needed at present or in the foreseeable future and it is no longer of value or use to the Town; provided, however, that if the property has an estimated value greater than \$10,000, prior approval of the auction sale or trade-in and method of disposition must be obtained from the Board of Selectmen.
5. The Purchasing Authority will determine if there are opportunities to trade in surplus items for like items. The Purchasing Authority will determine if this is monetarily advantageous to the Town of Fairfield.

6. The Purchasing Authority will determine if items requested for auction are useful and should be offered first to Town Departments.
7. The Purchasing Authority shall coordinate the placing of items to sell via online auction using GovDeals and notifying the DPW Garage Supervisor of auction sale date so removal of sold and paid items by customers can be accomplished.
8. Surplus property shall be stored at the Department of Public Works Operations lot pending disposition.
9. The DPW Garage Supervisor shall be the point of contact after the Purchasing Authority has approved items to be auctioned with GovDeals.
10. The DPW Garage Supervisor shall remove from all Town vehicles: decals, markings, license plates and property from the glove box and interior. This is to include any painted lettering or stickers indicating that this was a Town of Fairfield vehicle.
11. The Department of Public Works shall maintain responsibility for all items until sale and removal is complete.

PROCEEDS OF SALES:

The proceeds of the sale of surplus items will be deposited into the Town General Fund.

PURCHASES BY TOWN EMPLOYEES OR OFFICERS AND THEIR FAMILIES:

Conflicts of Interest - To avoid potential conflicts of interest the following are prohibited from bidding on or acquiring Town of Fairfield surplus/obsolete property:

1. All Town employees and their immediate family members.
 - a. For the purposes of this section, immediate family members include a spouse, dependent, individual living in the employee's/officer's household or any other person acting on the employee's/officer's behalf.
2. Transferring, selling, donating, scrapping, recycling or disposing of property by Town Officials, employees including, but not limited to, full time, part time, and intermittent / seasonal / special, for personal gain or to benefit the interest of any person or party other than the Town of Fairfield, including handling or disposal of trash or junk except as directed by the Purchasing Authority, is strictly prohibited.
3. Town Officials and employees shall not claim ownership of, give away, recover, or salvage any materials abandoned, disposed of or stored upon Town premises.

VIOLATIONS:

Employees violating this policy may be subject to disciplinary action in accordance with Town policies, departmental operating procedures and/or collective bargaining agreements.

Town of Fairfield
Fairfield, Connecticut 06824
INTERNAL AUDIT DIVISION
csaxl@fairfieldct.org
(203) 256-2919 (Office)
(203) 256-3080 (Fax)

Recap of Audit Conducted: No formal audit report prepared due to the pressing need to promptly resolve the audit finding reported below before fiscal year-end (FY23) closing. All emails attached.

Parties Involved: Police Chief Robert Kalamaras

Jared Schmitt, CFO

Caitlin Bosse, Controller

Police Captain Antonio Granata

Cheryl Coppola, Police Secretary

Subject: Audit: ODM (Off Duty Management/Outside Police Services Revenue) – Disparity Between Amounts per Bank Deposits compared to Amounts Reported per Deposit Transmittals Submitted to Finance

Date: August 2, 2023

Recap of Audit Conducted:

Finding: Internal Audit compared ODM (Off Duty Management/outside police services) bank deposits to Deposit Transmittals prepared by the Police Department and submitted to Finance for entry into MUNIS for FY23. The reconciliation between actual bank deposits to deposits recorded on the books (MUNIS) showed a net difference of **\$512,378.90 that had not been recorded into MUNIS** compared to the bank (See attached). The bulk of this difference consisted primarily of Deposit Transmittals that had not been submitted by the Police Department to Finance for entry into MUNIS as well as deposit transmittals with incorrect amounts that were submitted to Finance. Internal Audit notified the Police Chief and requested that all cash differences between ODM bank deposits and Deposit Transmittals submitted to Finance be researched to determine why they had occurred and that they immediately be corrected. (See email 8/1/2023 attached.)

Conclusion: Internal Audit was promptly contacted by the Police Chief and Police Department personnel (Police Captain and Secretary) responsible for the preparation and review of Deposit Transmittals. Internal Audit met with these parties and instructed them on the proper way to retrieve ODM reports, how to modify the reports into a readable format and showed them how to properly complete the Deposit Transmittal and appropriate backup documentation submitted to Finance. All discrepancies between ODM reports, ODM bank deposits and Deposit Transmittals previously submitted to Finance were researched and corrected. All missing Deposit Transmittals were properly completed and submitted to Finance with appropriate backup for entry into MUNIS.

A follow-up email was sent to Police Chief Kalamaras from Internal Audit notifying him that the situation had been corrected and recapped the instructions that were discussed with Police Department personnel. All pertinent parties involved in the process were copied on this email (See 8/2/23 email attached.)

Recap of Policy and Procedure:

1. The email received by the Police Clerk from ODM each Friday will be printed and the dollar amounts recorded in the appropriate revenue lines on the deposit transmittal. The ODM email will be attached to the deposit transmittal.
2. The backup excel spreadsheet submitted by ODM in their Friday email will be modified to fit into a standard/readable spreadsheet format and attached to the deposit transmittal.
3. The deposit transmittal will be signed by both the preparer and the supervisor.
4. A copy will be maintained by either the clerk or Police Captain for their files.
5. The entire deposit transmittal packet will be submitted by the Police Clerk via interoffice mail (or in person, but not required) to Finance for input into MUNIS. (No staples please as we scan the packet. Paperclip only.)
6. It is required that the deposit transmittal packet be submitted to Finance within 1 week of receipt of the email from ODM in order to avoid missing transmittals in the future.

From: Saxl, Concetta
To: [Kalamaras, Robert](#)
Cc: [Schmitt, Jared](#); [Bosse, Caitlin](#)
Subject: ODM (Off Duty Management) Deposit Transmittals - FY23
Date: Tuesday, August 1, 2023 2:31:00 PM
Attachments: [ODM RECONCILIATION - BANK DEPOSITS TO BOOKS FY23.pdf](#)
[RE ODM Deposit - November 29 2023.msg](#)
[20230721090010.pdf](#)

Hello Chief,

Please find attached a reconciliation that I prepared which compares ODM (Off Duty Management/outside police services) bank deposits to transmittals prepared by your department and submitted to Finance for entry into MUNIS for FY23. The reconciliation shows that there is a net difference of **\$512,378.90 that has not been recorded on our books** compared to the bank. The bulk of this difference consists primarily of deposit transmittals that have not been submitted by your department to Finance for entry into MUNIS. Please know that I inquired about the first significant difference of \$67,569 via email to Cheryl Coppola back in May but never received an answer. Other significant cash differences between transmittals and ODM deposits should be researched by your department to determine why they occurred. I am also attaching a sample transmittal from April that was submitted by your department to Finance. As you can see from this example, the backup does not contain a total amount that supports the total on the transmittal sheet. All backup must support the total reported on the transmittal.

In conclusion, Finance needs the missing transmittals as shown on the spreadsheet which are noted as "Not on Books" as soon as possible as we are closing out our books for FY23. If you or your staff requires assistance in preparing these, please let me know and I will be glad to help. Thank you.

Connie

Connie M. Saxl
Internal Auditor

Town of Fairfield

Sullivan Independence Hall

725 Old Post Road

Fairfield, CT 06824

Phone (203) 256-2919

Fax (203) 255-7380

**ODM - POLICE OUTSIDE SERVICES PAYROLL
RECONCILIATION OF BANK DEPOSITS TO MUNIS - FY23**

<u>DEPOSITED IN BANK</u>		<u>RECORDED ON BOOKS VIA DEPOSIT TRANSMITTAL</u>			<u>DIFFERENCE</u>	<u>AUDIT NOTE</u>
<u>DATE</u>	<u>AMOUNT</u>	<u>BATCH #</u>	<u>EFFECTIVE DATE</u>	<u>AMOUNT</u>		
9/12/22	\$ 52,696.50	4173951	9/9/22	\$ 52,696.50	\$ -	
9/14/22	\$ 875.50	4173952	9/13/22	\$ 875.50	\$ -	
9/16/22	\$ 72,296.50	4173953	9/16/22	\$ 72,296.50	\$ -	
9/21/22	\$ 3,099.00	4173954	9/20/22	\$ 3,099.00	\$ -	
9/26/22	\$ 59,917.25	4173955	9/23/22	\$ 59,917.25	\$ -	
10/3/22	\$ 89,111.75	4173956	9/30/22	\$ 89,111.75	\$ -	
10/11/22	\$ 94,849.75	4173957	10/7/22	\$ 94,849.75	\$ -	
10/17/22	\$ 80,768.00	4173958	10/14/22	\$ 80,768.00	\$ -	
10/24/22	\$ 81,244.75	4173959	10/21/22	\$ 81,244.75	\$ -	
10/31/22	\$ 80,598.50	4173960	10/28/22	\$ 80,598.50	\$ -	
11/7/22	\$ 71,916.25	4173962	11/7/22	\$ 71,916.25	\$ -	
11/14/22	\$ 71,530.50	4173963	11/14/22	\$ 71,530.50	\$ -	
11/21/22	\$ 66,858.50	4173964	11/21/22	\$ 66,758.50	\$ (100.00)	BOOKS UNDER
11/29/22	\$ 67,569.00				\$ (67,569.00)	NOT ON BOOKS
12/5/22	\$ 47,307.50				\$ (47,307.50)	NOT ON BOOKS
12/12/22	\$ 87,628.00	4174051	12/9/22	\$ 87,628.00	\$ -	
12/12/22	\$ 151.50				\$ (151.50)	NOT ON BOOKS
12/19/22	\$ 85,753.50	4174298	12/16/22	\$ 85,753.50	\$ -	
12/27/22	\$ 77,476.25	4174486	12/23/22	\$ 77,476.25	\$ -	
1/3/23	\$ 34,867.75	4174484	12/30/22	\$ 34,867.75	\$ -	
1/9/23	\$ 53,090.50	4174485	1/5/23	\$ 60,278.00	\$ 7,187.50	BOOKS OVER
1/17/23	\$ 88,797.00				\$ (88,797.00)	NOT ON BOOKS
1/23/23	\$ 107,568.50	4174729	1/20/23	\$ 107,568.00	\$ (0.50)	BOOKS UNDER
1/30/23	\$ 109,804.50	4174728	1/31/23	\$ 109,804.50	\$ -	
2/6/23	\$ 103,780.00	4174928	2/3/23	\$ 103,780.00	\$ -	
2/13/23	\$ 102,729.25	4174845	2/13/23	\$ 102,729.25	\$ -	
2/21/23	\$ 105,243.75	4174987	2/17/23	\$ 105,243.75	\$ -	
2/27/23	\$ 94,376.25	4175102	2/24/23	\$ 94,376.25	\$ -	
3/6/23	\$ 90,977.00	4175133	3/3/23	\$ 90,977.00	\$ -	
3/13/23	\$ 97,393.25	4175347	3/10/23	\$ 97,393.25	\$ -	
3/20/23	\$ 78,699.50	4175348	3/17/23	\$ 78,699.50	\$ -	
3/27/23	\$ 93,423.25				\$ (93,423.25)	NOT ON BOOKS
4/3/2023	\$ 87,470.75	4175719	4/7/23	\$ 87,470.75	\$ -	
4/10/2023	\$ 88,364.50				\$ (88,364.50)	NOT ON BOOKS
4/17/2023	\$ 73,385.00	4175717	4/15/23	\$ 78,343.60	\$ 4,958.60	BOOKS OVER
4/24/2023	\$ 69,227.75	4175718	4/21/23	\$ 77,283.50	\$ 8,055.75	BOOKS OVER
5/1/2023	\$ 86,700.00	4176111	4/28/23	\$ 86,700.00	\$ -	
5/8/2023	\$ 81,494.25	4176109	5/5/23	\$ 81,494.25	\$ -	
5/15/2023	\$ 104,707.75	4176112	5/12/23	\$ 104,707.75	\$ -	
5/22/2023	\$ 103,797.75	4176110	5/26/23	\$ 103,797.75	\$ -	
5/30/2023	\$ 87,253.25				\$ (87,253.25)	NOT ON BOOKS
6/5/2023	\$ 58,887.25				\$ (58,887.25)	NOT ON BOOKS
6/5/2023	\$ 624.00				\$ (624.00)	NOT ON BOOKS
6/12/2023	\$ 79,086.50	4176415	6/9/23	\$ 79,086.50	\$ -	
6/20/2023	\$ 82,510.00	4176416	6/16/23	\$ 82,510.00	\$ -	
6/26/2023	\$ 72,385.50	4176417	6/23/23	\$ 72,282.50	\$ (103.00)	BOOKS UNDER
	<u>\$ 3,428,293.25</u>			<u>\$ 2,915,914.35</u>	<u>\$ (512,378.90)</u>	NET - NOT ON BOOKS*

* AS OF 6/30/2023

CMS
8/1/2023

From: Saxl, Concetta
To: [Kalamaras, Robert](#)
Cc: [Granata, Antonio](#); [Coppola, Cheryl](#); [Bosse, Caitlin](#); [Schmitt, Jared](#)
Subject: Follow-Up: ODM (Off Duty Management) Deposit Transmittals - FY23
Date: Wednesday, August 2, 2023 12:26:00 PM

Hello Chief,

Please know that Cheryl Coppola and Captain Granata stopped by my office today and I received the FY23 deposit transmittals related to ODM revenue that were needed for input into MUNIS per my email of yesterday.

I reviewed the Finance Department deposit transmittal process and requirements with them as follows:

1. The email received by Cheryl from ODM each Friday will be printed and the dollar amounts recorded in the appropriate revenue lines on the deposit transmittal. The ODM email will be attached to the deposit transmittal.
2. The backup excel spreadsheet submitted by ODM in their Friday email will be modified to fit into a standard/readable spreadsheet format and attached to the deposit transmittal.
3. The deposit transmittal will be signed by both the preparer and the supervisor.
4. A copy will be maintained by either Cheryl or Captain Granata for their files.
5. The entire deposit transmittal packet will be submitted by Cheryl via interoffice mail (or in person, but not required) to Finance for input into MUNIS. (No staples please as we scan the packet. Paperclip only.)
6. It is required that the deposit transmittal packet be submitted to Finance within 1 week of receipt of the email from ODM in order to avoid missing transmittals in the future.

I appreciate the quick response from everyone. The transmittals will be promptly entered into MUNIS and the revenue will be reflected in the appropriate accounts today. Please feel free to contact me if you have any questions or require anything further. Thank you.

Connie M. Saxl
Internal Auditor

Town of Fairfield

Sullivan Independence Hall

725 Old Post Road

Fairfield, CT 06824

Phone (203) 256-2919

Fax (203) 255-7380

Town of Fairfield

Fairfield, Connecticut 06824

INTERNAL AUDIT DIVISION

csaxl@fairfieldct.org

(203) 256-2919 (Office)

(203) 256-3080 (Fax)

To: Anthony Calabrese, Director of Recreation
From: Connie M. Saxl, Town Internal Auditor
Subject: Audit: Recreation Department Petty Cash Fund/Checking Account
Date: October 5, 2023
Cc: Jared Schmitt, Chief Fiscal Officer
Brenda Kupchick, First Selectwoman
Thomas Bremer, Chief Administrative Officer
Cathleen Simpson, Director of Human Resources
All Internal Audit reports are distributed to the Audit Sub-Committee and Board of Finance members and are posted under Audit Sub-Committee and Board of Finance – Backup on the Town of Fairfield website: www.fairfieldct.org
(Posted on website whenever reports on Internal Audit activities are made)

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AUDIT SCOPE AND PURPOSE

The Internal Audit Division completed its examination of the Recreation Department petty cash fund/checking account. The audit was conducted at the request of the Chief Fiscal Officer.

The scope of the audit included:

- A review of Petty Cash Reimbursement Voucher packages submitted by the Recreation Department to Finance for fund replenishment for fiscal year 2023.
- Confirming with the Recreation Department the total petty cash fund assigned to them.
- Reconciling the total petty cash fund to the amount recorded in the accounting general ledger.
- Reviewing department requests for replenishment along with corresponding backup documentation for purchases made with petty cash funds.
- Reviewing the Petty Cash Policy and Petty Cash Reimbursement Voucher form.
- Inquiries with Recreation Department personnel.

The purpose of the audit was to:

- Ensure that the total petty cash fund agrees to the accounting general ledger balance.
- Ensure that all purchases made with petty cash funds are evidenced by proper supporting documentation, i.e., sales receipts, invoices, etc.
- Expenditures are bona fide and for authorized Recreation Department purposes
- Ensure that receipts, invoice/sales slips, etc. made with petty cash funds are present and are reasonable for type of purchase made
- Ascertain that the petty cash fund assigned to the Recreation Department is adequate to fulfill the needs of the department

- Ascertain that the Recreation Department petty cash fund is used to the department's best advantage
- Identify and disclose any weaknesses existing in departmental internal controls and to advise where improvements among daily operations can be made in order to increase the department's efficiency and effectiveness



STATEMENT OF AUDITING STANDARDS

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgements and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.



INTERNAL CONTROL DEFINED

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all the methods used to safeguard assets, to promote accuracy and reliability of the organizations accounting data and records, to encourage compliance with all policies and procedures prescribed by management and to promote the operational efficiency of the organization. Management must understand its responsibilities to implement and maintain adequate internal control systems.



AUDIT FINDING #1

The Recreation Department maintains its own separate (internal) checking account at M&T Bank where they are authorized to maintain a petty cash fund in the amount of \$12,708.55. These funds are spent on Recreation Department programs, scholarships and other operational department expenses. All expenditures are charged to Fund 124 – Recreation Trust Fund. The purpose of this checking account is to facilitate Recreation Department related purchases thus allowing them to make immediate payment for goods and services to vendors.

Replenishments to the checking account are made via Petty Cash Reimbursement Voucher submitted to Finance along with appropriate supporting backup documentation. These are reviewed and approved by the Budget Director prior to replenishment by Finance.

A review of replenishments to the checking account showed that they totaled \$23,727.02 for fiscal year 2023 as follows:

Recreation - Replenishments to Checking Account – FY23

8/29/2022 - Wire Transfer	\$ 7,376.05
9/14/2022 - Wire Transfer	\$ 1,900.00
1/9/2023 - Wire Transfer	\$ 5,697.43
6/8/2023 - Ck 638261	\$ 8,753.54
	<u>\$ 23,727.02</u>

As can be seen above, the total of the four requests for replenishment to the checking account exceeded the authorized Petty Cash Fund amount by **\$11,018.47** for fiscal year 2023.

Further, neither an updated nor formal Recreation checking account/petty cash policy could be located and therefore, it could not be determined how often the fund should be replenished or even the parameters surrounding its acceptable or authorized use.

Internal Audit reviewed replenishments over the last three fiscal years for comparative purposes.

Department	FY 2021	FY 2022	FY 2023
Recreation Dept. - Rec. Trust	\$3,872.69	\$10,263.90	\$23,727.02

If the \$12,708.55 fund is authorized to cover **annual** expenses per fiscal year, then the fund was over-replenished in fiscal year 2023 and the department exceeded the authorized annual amount allotted. However, no updated/current formal policy, procedures or guidelines could be located, so the acceptable/appropriate parameters surrounding replenishment could not be evaluated by Internal Audit.



AUDIT RECOMMENDATION #1

It is recommended that the Recreation Department, in conjunction with the Finance Department, create a formal policy and procedures which details the parameters surrounding the use and associated replenishments of the Recreation Petty Cash Fund/Checking Account. This will ensure compliance with documented guidelines and give a clear-cut set of rules and expectations over the checking account use.



AUDIT FINDING #2

It was noted that the Recreation Department did not submit their bank statement from M&T Bank along with the monthly bank reconciliation for the Recreation Checking Account to Finance at the close of fiscal year 2023. Conversations with the Recreation Department disclosed that bank statements or bank reconciliations are not provided to the Finance Department.

A review of the June 30, 2023 bank reconciliation performed by the Recreation Department revealed that it contained errors. Internal Audit properly recreated the bank reconciliation and noted that the ending balance per bank and books was \$12,700.55 not \$12,708.55, resulting in an unaccounted discrepancy of \$8.

AUDIT RECOMMENDATION #2

At a minimum, it is recommended that the Recreation Department submit to Finance the year-end June bank statement and associated bank reconciliation for the Recreation Checking Account in order to ensure that monthly reconciliations are being performed and that there are no major differences between the checkbook balance and the balance per bank statement. The bank reconciliation should also be signed off as reviewed and approved by the Department Head prior to submission to Finance.

The Recreation Department's total Petty Cash Fund amount as recorded on the Petty Cash Reimbursement Voucher submitted to Finance should be changed to accurately reflect the new/correct balance of \$12,700.55 not \$12,708.55.



AUDIT FINDING #3

Internal Audit could not determine how or when the initial Recreation checking account/petty cash authorized amount of \$12,708.55 originated (now \$12,700.55 per last bank reconciliations of June 2023 and July 2023). Therefore, it could not be determined if the original amount of initial authorization was the same, greater or less.

AUDIT RECOMMENDATION #3

It is recommended that Finance maintain a comprehensive list of all departments, including the Recreation Department, who maintain checking account/petty cash funds (including change funds, i.e., funds on hand to make daily change to customers). The list and their amounts should be confirmed with departments and updated on an annual basis. All checking account/petty cash funds/change funds should be recorded in the accounting general ledger (MUNIS).



AUDIT FINDING #4

A review of all expenditures made from the Recreation petty cash fund/checking account were found to be properly made for recreational activities, programs and other appropriate department needs.

However, it was noted that payments to recipients of scholarships in the amount of \$1,000 per person did not have supporting documentation to validate the authorization for these payments from the checking account. These payments were evidenced by proper department head approval.

All other expenditures examined were evidenced by proper supporting backup documentation and contained proper department head approval.

AUDIT RECOMMENDATION #4

It is recommended that all scholarship payments made to individuals from the Recreation Department checking account be supported by proper supporting backup documentation validating the reason and justification for such payments.

This may be in the form of approved minutes or other documentation designating official approval by the Recreation Commission listing the names of the recipients who were awarded scholarships. This will ensure that only approved recipients receive scholarship payments from the Recreation petty cash fund/checking account.



CLOSING REMARKS

The Recreation Department Petty Cash Fund/Checking Account is being utilized in an efficient and effective manner consistent with the goals and objectives established by the Town of Fairfield. All petty cash fund/checking account expenditures subject to audit examination were deemed to be appropriate and for authorized departmental purposes. All expenditures examined, with the exception of scholarships, were properly substantiated by appropriate supporting documentation (i.e., customer receipts, invoices, sales slips, etc.).

I appreciate the assistance and cooperation received by the Director of Recreation and his entire staff during the course of the audit. I will be happy to assist Town management with the implementation of the recommendations made within this report and I look forward to working with you again in the future. Thank you.

History of Audit Report:

Draft Report sent to Department Head: September 7, 2023

Draft Report sent to CFO – September 7, 2023

Final Report sent to CFO with request for Distribution – September 15, 2023

Final Report Reviewed with CFO – October 2, 2023

Final Report Submitted to CFO with Request for Distribution – October 5, 2023

Town of Fairfield
Fairfield, Connecticut 06824
INTERNAL AUDIT DIVISION
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(203) 256-3080 (Fax)
csaxl@fairfieldct.org

To: John Marsilio, Director of Public Works
John Cottell, Assistant Director of Public Works
From: Connie M. Saxl, Town Internal Auditor
Subject: FOLLOW UP on Audit Report Dated November 22, 2022: Town
Transfer Station – Surprise Cash Count and Evaluation of Internal
Controls
Date: October 3, 2023
Cc: Jared Schmitt, Chief Fiscal Officer
Brenda Kupchick, First Selectwoman
Thomas Bremer, Chief Administrative Officer
Cathleen Simpson, Director of Human Resources
All Internal Audit reports are distributed to the Audit Sub-
Committee and Board of Finance members and are posted as backup
whenever reports on Internal Audit activities are made. Backup
reports are located on the Town of Fairfield website:
www.fairfieldct.org

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**BACKGROUND & PURPOSE**

A follow-up audit was conducted per request of the Audit Sub-Committee relating to an audit report entitled “Town Transfer Station – Surprise Cash Count and Evaluation” final report dated November 22, 2022. See Appendix C for final audit report.

Audit findings and recommendations from the final audit report dated November 22, 2022 resulted from the discovery where the Department of Public Works Administration eliminated the secondary checkpoint at the Transfer Station. The secondary checkpoint served as an important internal control because it required



the guard to inspect customer receipts (plus other duties) thus ensuring that customers entering the Transfer Station had properly paid the cashier or weighed in at the Scale House. The elimination of the secondary checkpoint was not reported to Internal Audit at that time nor had other internal control measures been instituted by the Department of Public Works Administration to compensate for the loss of the secondary checkpoint.

The purpose of the follow-up audit was to examine management's compliance with audit findings and recommendations made within the final audit report dated November 22, 2022 and to further review all internal controls that the Department of Public Works Administration had implemented since the audit of November 2022 in order to safeguard Town assets, i.e., revenue collections at the Town Transfer Station.

It should be noted that the elimination of the secondary checkpoint was reported and discussed in detail with the Town independent/external auditor in October 2022. His independent/external audit report of the Public Works Department dated May 19, 2020 (report made upon the request of the Board of Finance) included a review of the Solid Waste and Recycling Department secondary checkpoint. The independent/external auditor agreed that the secondary checkpoint served as a vital internal control over the safeguarding of Transfer Station revenue collections and its importance should be further discussed with the Board of Finance.

*See Appendix A, page 13 for management response regarding "Background & Purpose".*

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STATEMENT OF AUDITING STANDARDS

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgements and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.

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### **INTERNAL CONTROL DEFINED**

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all the methods used to safeguard assets, to promote accuracy and reliability of the organizations accounting data and records, to encourage compliance with all policies and procedures prescribed by management and to promote the operational efficiency of the organization. Management must understand its responsibilities and must implement and maintain adequate internal control systems.

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AUDIT FINDING # 1

NON-COMPLIANCE TO AUDIT RECOMMENDATION #1 PER AUDIT REPORT DATED NOVEMBER 22, 2022: SCALE HOUSE DOOR NOT LOCKED.

I visited the Scale House on Monday, August 21, 2023. I noted that the door to the Scale House where the cashier and cash register are both located was ajar, i.e., the door was not fully closed. I freely entered the Scale House/cashier station without identification, however, the cashier remembered me from my prior visit in September 2022 and allowed me to come in.

See Appendix A, page 13 for management response regarding "Audit Finding #1".

AUDIT RECOMMENDATION # 1

It is recommended that the door to the Scale House be locked at all times during business hours for security reasons. The cashier should have a key to the door of the facility during the business day for reentry if he/she needs to leave for any reason.

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## **AUDIT FINDING # 2**

**NON-COMPLIANCE RELATING TO DEPARTMENT HEAD RESPONSE TO  
AUDIT RECOMMENDATION #2 PER AUDIT REPORT DATED  
NOVEMBER 22, 2022: CUSTOMER CASH REGISTER RECEIPTS NOT  
CHECKED.**

**COMPLIANCE TO INTERNAL AUDITOR RECOMMENDATION TO  
INSTALL VISIBLE SIGNAGE: "SCALE HOUSE RECEIPT REQUIRED TO  
ENTER FACILITY". (AUDIT RECOMMENDATION MADE AFTER REPORT  
PER MEETING WITH ASSISTANT DIRECTOR OF PUBLIC WORKS  
ADMINISTRATION.)**

**COMPLIANCE TO AUDIT RECOMMENDATION #2 PER AUDIT REPORT  
DATED NOVEMBER 22, 2022: ANALYSES PREPARED OF TOTAL  
TONNAGE OF WASTE ENTERING THE FACILITY BASED ON REVENUE  
GENERATED COMPARED TO TOTAL TONNAGE EXITING THE  
FACILITY.**

At the March 2, 2023 Audit Sub-Committee meeting, the Assistant Director of Public Works stated that cash register receipts were being checked at the Transfer Station to ensure that patrons were dumping their waste in the correct areas at the Transfer Station and also properly paying the cashier the required fee at the Scale House. "Board of Finance Audit Sub-Committee Meeting 3-2-2023 Regular Meeting" 00:47:50. Website: <https://www.fairfieldct.org/filestorage>.

I conducted a follow-up review on Wednesday, August 16, 2023 at 1:18pm at the Scale House located at the Town Transfer Station on 530 Richard White Way. I entered the Transfer Station as a Fairfield resident/customer with proper sticker along with residential garbage. I was charged \$6 for trash (cars) and paid with a \$20 bill. The cashier properly entered the correct fee and waste type into the cash register and I received the correct change back in return along with cash register receipt. I noted that the new cash register was in place and was fully operational.

As I entered the facility, I noted that the Transfer Station had properly posted visible signage stating "Scale House Receipt Required to Enter" (See Appendix B

for picture of signage). I parked at the trash disposal area where I was greeted by two transfer station attendants (one full-time and one part-time employee). I was the only customer disposing trash at that time. I made two trips back and forth from my car to the disposal container and dumped my garbage. No Transfer Station Attendants asked to check my cash register receipt to verify that proper payment had been made.

On July 3, 7, 8 and August 17, 2023, I sent a customer to the Transfer Station to dump his residential garbage and to pay cash for the fee each time. He was instructed to collect the cash register receipts and return them back to me along with a report of his experience. I was informed by the customer that he had paid the correct fee and properly received receipts from the cashier at the Scale House. However, at no time did any Transfer Station attendant ask to check his receipt to verify proper payment on any of the four days that he dumped garbage. (See Appendix B for customer report.)

I personally returned to the Transfer Station on Saturday, August 19, 2023 at 9:00am with a load of household trash that required the vehicle to be weighed on the scale. The Scale House cashier weighed the vehicle (no ticket given at that time due to need to reweigh) and he authorized me to enter the facility and dump my garbage. No one at the dumping area asked to see if I had a ticket or cash register receipt. I did not observe any other customers getting their receipts checked for proper payment by Transfer Station Attendants.

I also introduced myself to the Enviro employee working there that day. He showed me the manual daily log that he prepares. The log details the names of haulers that visit the Transfer Station and their estimated tonnage dumped. He told me that he emails this manual report to the Assistant Director of Public Works each day.

I exited the Facility and reweighed my vehicle to obtain the net tare weight, which resulted in a \$48 fee. I paid with a \$50 bill, the correct change was given and a proper weigh ticket/receipt was printed and given to me. (See Appendix B for receipts.)

Inquiries with other patrons of the Transfer Station revealed that their cash register receipts were never checked for payment prior to dumping their garbage either.

See Appendix A, page 14 for management response regarding “Audit Finding #2”.

### **AUDIT RECOMMENDATION # 2**

Customer revenue collections for fiscal year 2023 for the Transfer Station was reviewed to determine the amount of collections by payment type that transpired at the facility each month.

The following internal report, obtained from the Department of Public Works shows the breakdown of monthly revenue by collection type (cash/check/credit card/debit hauler).

| Month/Year     | Cash                | Check              | Credit Card         | Total               | Hauler/Misc            |
|----------------|---------------------|--------------------|---------------------|---------------------|------------------------|
| 7/1-7/30/22    | \$33,316.00         | \$1,944.00         | \$16,232.00         | \$51,492.00         | \$ 113,788.61          |
| 8/1-8/30/22    | \$32,824.00         | \$1,620.00         | \$15,697.34         | \$50,141.34         | \$ 280,542.95          |
| 9/18-9/30/22   | \$28,383.08         | \$1,075.00         | \$15,197.18         | \$44,655.26         | \$ 138,618.12          |
| 10/1-10/31/22  | \$26,988.00         | \$1,821.00         | \$15,073.00         | \$43,882.00         | \$ 229,750.06          |
| 11/1-11/30/22  | \$27,209.00         | \$1,226.00         | \$15,463.00         | \$43,898.00         | \$ 191,413.17          |
| 12/1-12/31/22  | \$27,841.00         | \$872.00           | \$12,955.44         | \$41,668.44         | \$ 230,200.45          |
| 1/1/23-1/31/23 | \$22,568.00         | \$1,565.00         | \$15,184.00         | \$39,317.00         | \$ 181,628.66          |
| 2/1-2/28/23    | \$20,534.00         | \$1,170.00         | \$12,232.00         | \$33,936.00         | \$ 206,348.08          |
| 3/1-3/31/23    | \$23,352.00         | \$1,449.00         | \$16,136.56         | \$40,937.56         | \$ 179,657.97          |
| 4/1-4/30/23    | \$26,058.00         | \$1,726.00         | \$16,713.00         | \$44,497.00         | \$ 218,362.56          |
| 5/1-5/31/23    | \$30,879.00         | \$2,291.00         | \$23,608.46         | \$56,778.46         | \$ 184,103.01          |
| 6/1-6/30/23    | \$31,008.62         | \$2,008.00         | \$24,161.46         | \$57,178.08         | \$ 437,302.23          |
| <b>Total</b>   | <b>\$330,960.70</b> | <b>\$18,767.00</b> | <b>\$198,653.44</b> | <b>\$548,381.14</b> | <b>\$ 2,591,715.87</b> |

Source: Department of Public Works

Note: Hauler Revenue pertains to debit hauler payments to accounts processed at DPW Administrative Offices.

Further analytical review of revenue recorded in MUNIS over the last four fiscal years revealed that overall revenue collections increased at the Transfer Station by 4.14% in fiscal year 2023 from the prior year.

See analytical review charts on following page.

| <u>A/C #</u>                           | <u>ACCOUNT DESCRIPTION</u>      | <u>2023</u>            | <u>2022</u>            | <u>2021</u>            | <u>2020</u>            |
|----------------------------------------|---------------------------------|------------------------|------------------------|------------------------|------------------------|
| 42143                                  | TOWN DUMP - PERMITS             | \$ 37,955.00           | \$ 48,141.52           | \$ 25,055.00           | \$ 39,090.00           |
| 42338                                  | TOWN DUMP - SCALE WEIGHING      | \$ 2,733,048.15        | \$ 2,561,287.40        | \$ 2,528,773.91        | \$ 2,572,472.68        |
| 42339                                  | TOWN DUMP - ELECTRONICS         | \$ 8,658.72            | \$ 4,892.40            | \$ 11,206.80           | \$ 10,322.15           |
| 42340                                  | TOWN DUMP - BULKY WASTE         | \$ 60,298.03           | \$ 62,796.13           | \$ 55,566.00           | \$ 42,155.00           |
| 42341                                  | TOWN DUMP - METAL               | \$ 76,350.69           | \$ 117,944.85          | \$ 100,430.36          | \$ 66,638.97           |
| 42342                                  | TOWN DUMP - TIRES               | \$ 1,980.00            | \$ 1,755.00            | \$ 2,005.00            | \$ 1,790.00            |
| 42343                                  | TOWN DUMP - FUEL OIL            | \$ -                   | \$ -                   | \$ 20.00               | \$ 45.00               |
| 42345                                  | TOWN DUMP - RECYCLABLES REBATE  | \$ 35.00               | \$ 2,957.28            | \$ -                   | \$ -                   |
| 42346                                  | TOWN DUMP - FIXED INCOME        | \$ 3,344.00            | \$ 4,118.00            | \$ 4,900.00            | \$ 4,696.00            |
| 42347                                  | TOWN DUMP - TEXTILES            | \$ 876.00              | \$ 817.50              | \$ 1,524.75            | \$ 1,455.00            |
| 42348                                  | TOWN DUMP - FACILITY USE CHARGE | \$ 323,721.97          | \$ 312,628.00          | \$ 357,105.52          | \$ 327,387.00          |
| <b>GRAND TOTAL REVENUE:</b>            |                                 | <b>\$ 3,246,267.56</b> | <b>\$ 3,117,338.08</b> | <b>\$ 3,086,587.34</b> | <b>\$ 3,066,051.80</b> |
|                                        |                                 |                        |                        |                        |                        |
| <b>DOLLAR CHANGE FROM PRIOR YEAR:</b>  |                                 | <b>\$ 128,929.48</b>   | <b>\$ 30,750.74</b>    | <b>\$ 20,535.54</b>    |                        |
| <b>PERCENT CHANGE FROM PRIOR YEAR:</b> |                                 | <b>4.14%</b>           | <b>1.00%</b>           | <b>0.67%</b>           |                        |

Source: MUNIS Financial/Accounting System

It should be further noted that Fees and Professional Services and Contracted Property Services expenses related to the removal and disposal of municipal waste and recycling\*\* increased 12.34% in fiscal year 2023 from the prior year as recorded in MUNIS as follows:

| <u>A/C #</u>                           | <u>ACCOUNT DESCRIPTION</u>     | <u>2023</u>            | <u>2022</u>            | <u>2021</u>            | <u>2020</u>            |
|----------------------------------------|--------------------------------|------------------------|------------------------|------------------------|------------------------|
| 53200                                  | FEES AND PROFESSIONAL SERVICES | \$ 3,340,373.92        | \$ 2,909,882.92        | \$ 3,202,817.13        | \$ 3,137,308.23        |
| 54010                                  | CONTRACTED PROPERTY SERVICES   | \$ 906,230.25          | \$ 870,315.55          | \$ 916,840.66          | \$ 1,059,432.56        |
| <b>GRAND TOTAL EXPENSE:</b>            |                                | <b>\$ 4,246,604.17</b> | <b>\$ 3,780,198.47</b> | <b>\$ 4,119,657.79</b> | <b>\$ 4,196,740.79</b> |
|                                        |                                |                        |                        |                        |                        |
| <b>DOLLAR CHANGE FROM PRIOR YEAR:</b>  |                                | <b>\$ 466,405.70</b>   | <b>\$ (339,459.32)</b> | <b>\$ (77,083.00)</b>  |                        |
| <b>PERCENT CHANGE FROM PRIOR YEAR:</b> |                                | <b>12.34%</b>          | <b>-8.24%</b>          | <b>-1.84%</b>          |                        |

Source: MUNIS Financial/Accounting System

\*\*These general ledger accounts also include expenses for food scrap disposal, janitorial services, public safety & control and credit card fees.

Internal Audit inquiries with the Assistant Director of Public Works revealed that the large increase in expense in FY23 was due to the increase in fees charged by the companies who pick up, process and dispose Town waste & recycling from our facility. This was further verified by a review of the detail of vendors paid by fiscal year in MUNIS. In addition, he prepares analyses of revenue per tonnage received versus tonnage disposed, which is a strong internal control that will capture anomalies occurring at the Transfer Station.

Due to the materiality of the amount of revenue collected at the Transfer Station, it is recommended that, **at a minimum**, the random checking of customer receipts be conducted by Scale House Attendants on a daily basis to ensure that customers are properly paying the required fee to the cashier. The receipts examined by Transfer Station attendants should be retained and submitted to the Assistant Director of Public Works at the close of each business day to ensure that this important function is being performed.

Adherence to this recommendation will assist in strengthening internal controls over revenue collections (both cash/check/credit and debit hauler) and will also prevent customers from dumping garbage without making proper payment with the Scale House cashier.

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AUDIT FINDING # 3

NON-COMPLIANCE TO DEPARTMENT HEAD RESPONSE TO AUDIT RECOMMENDATION #2 PER AUDIT REPORT DATED NOVEMBER 22, 2022: DAILY RECONCILIATIONS BETWEEN ENVIRO REPORT TO TRUCK CYCLE TIME REPORT NOT PERFORMED.

It was noted that customers who weigh-in on the scale side of the cashier station (this is required to obtain a customer gross tare weight, i.e., weight of vehicle plus garbage) do not receive a ticket from PC Scale showing that they initially weighed in upon entry into the facility. After initial weigh-in, the customer proceeds to the dumping area and then upon exiting, reweighs on the scale and pays the required fee.

This is a weakness in internal control because there is no way to determine if the cashier properly weighed the customer upon initial entry and also whether the customer properly paid the required fee on the way out.

In February 2023, in an effort to establish an internal control over this, the Assistant Director of Public Works stated that he would periodically prepare a daily reconciliation of a Truck Cycle Time Report obtained from the PC Scale system to the manual report maintained by Enviro personnel at the dumping area to make sure that the two agreed. However, this reconciliation is flawed because the

manual Enviro report only tracks large haulers and estimated tonnage and not household trash. (Enviro prepares this report so they can determine when the dumping container meets maximum weight and needs to be emptied into a trailer.) The Enviro report does not capture residential pickup trucks, vans, SUV's or small trailers that weigh in over the scale. These particular vehicles would never be captured in the DPW reconciliation. Further, the Enviro report is not signed by their employee.

I visited the DPW Garage on August 21, 2023 and requested to review the most recent reconciliations prepared by the Assistant Director of Public Works to ensure that this procedure was being done. The last reconciliation on file in the Department of Public Works administrative office was dated six months ago in February 2023. I was told that one had been done approximately a month ago, however it could not be located.

AUDIT RECOMMENDATION # 3

Ideally, a \$0 reweigh ticket should be printed directly from the PC Scale System by the cashier (not a zero-dollar ticket from the cash register since this is not directly linked to the PC Scale system) and handed to the customer of every vehicle prior to entry into the Transfer Station. This customer reweigh ticket should be checked by a Transfer Station attendant prior to dumping garbage to show that they properly stopped on the scale and weighed their gross tare weight.

Upon exiting, customers should be required to reweigh on the scale to get a net tare weight and a ticket should be printed from PC Scale system designating the tonnage dumped and the associated fee paid.

If the aforementioned audit recommendation is not deemed feasible by Town management, then the daily reconciliation between the manual Enviro report and the Truck Cycle Time Report should be performed on a daily basis. At a minimum, this will ensure that large haulers are properly weighing in on the scale.

See Appendix A, page 14 for management response regarding "Audit Recommendation #3".


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#### **AUDIT FINDING # 4**

#### **COMPLIANCE TO AUDIT RECOMMENDATION #3 PER AUDIT REPORT DATED NOVEMBER 22, 2022: NEW CASH REGISTER IMPLEMENTED AND PROPERLY FUNCTIONING.**

I visited the Scale House on Monday, August 21, 2023. I noted that a new cash register had been purchased and was fully functional and in operation. The Scale House cashier relayed that the new cash register was much faster and easy to use.

No audit recommendation made for Finding #4.

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OTHER AUDIT OBSERVATIONS

1. It was noted that the cash register is not directly linked to the PC Scale system. It serves only as a separate, standalone system.
2. A second cash register was purchased to serve as a backup in case the one that is currently in operation at the Scale House fails for any reason.
3. The cash register and PC Scale system are "Closed-out" at the end of the business day and proper close-out reports are printed and reconciled to daily collections. Bank deposits are made on a daily basis and corresponding deposit transmittals are prepared and forwarded to Finance for entry into the MUNIS accounting system by revenue type and amount on a timely basis.

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#### **CLOSING REMARKS**

The cooperation received by the employees who work at the Transfer Station and the Assistant Director of Public Works is greatly appreciated. I am more than happy to work with the Department of Public Works Administration in assisting with the implementation of any recommendation made within this report. Questions surrounding this report and Transfer Station operations should be addressed to the Internal Auditor and the Interim Director of Public Works,

Assistant Director of Public Works and Chief Fiscal Officer so inquiring parties receive the best possible information available. Thank you.

History of Audit Report:

Draft Audit Report Submitted to CFO for review: August 24, 2023  
Meeting, Distribution and Discussion of Draft Report with Internal Auditor, CFO, Interim Director of Public Works and Assistant Director of Public Works: September 1, 2023

Auditee Response Received: September 28, 2023

Draft Report 2 with Auditee Response to CFO: September 29, 2023

Draft Report 2 with Auditee Response Reviewed with CFO: October 2, 2023

Final Audit Report Submitted to CFO: October 3, 2023

**APPENDIX A**  
**MANAGEMENT RESPONSE TO FOLLOW-UP AUDIT REPORT**

DT: September 27, 2023

TO: Connie Saxl, Internal Auditor

FR: John F. Cottell Jr., Assistant Director Public Works

Cc: John Marsilio, Director Public Works  
Jared Schmitt, Director Finance

**RE: Responses to Internal Audit Follow-up on August 21, 2023**

#### BACKGROUND AND PURPOSE :

The audit states that “the secondary checkpoint served as an important internal control” and “the Department of Public Works Administration eliminated the secondary checkpoint at the Transfer Station.” To clarify, the secondary checkpoint was not eliminated but, instead relocated to eradicate a dangerous situation and create a safer environment for the employees and the residents. This relocation also allowed the second checker to be more effective in assuring Transfer Station users’ compliance to the rules, regulations and fee structure while maintaining internal controls and increasing revenue collections.

Additional internal controls had been implemented. Remote monitoring from the Assistant Public Works Director’s desk has been installed along with an increase in the number of cameras filming transfer station activities. From his desk using both the monitors and the PC Scale program, the Assistant Director verifies both in real time or at a later date that users and employees are adhering to proper protocols. The Assistant Public Works Director conducts regular on-site visits at which there is significant monitoring of operations and compliance; based on employee comments, the level of monitoring by the Assistant Public Works Director far exceeds that which was done by his predecessor and Solid Waste and Recycling Director. The Lead Scale Operator is also monitoring for proper controls and adherence to regulations splitting her time between the scale house and the drop off areas. A second Scale House Operator is assigned in the scale house to assure compliance and efficiently serve our residents on Saturdays. The relocated position of the second checker allows for line of site verification that users are stopping at the scale house prior to entry. A walkie-talkie communication system between the second checker and the scale house operator is used to confirm that visitors are fully declaring their chargeable items as well as alert each other when someone attempts to bypass the Scalehouse.

#### FINDINGS #1: Scale House Door Not Locked

The recommendation is that the door to the Scale House “be locked at all times during business hours for security reasons.” The Scale House has two doors; one at the front facing the scale which the scale operator uses to inspect the loads and the other is a rear door. The rear door is maintained locked. Due to the high frequency of the scale house operator exiting and entering to inspect the loads of the

vehicles being weighed, it becomes impractical to lock this door during operation. Note that this front door is locked whenever the Scalehouse operator is alone and leaves the scale area.

**FINDING #2: Customer Cash Register Receipts Not Checked.**

The conclusion that we are not checking receipts is incorrect. We are checking up on each other as well as the visitors. The second checker does regularly check tickets, particularly of people disposing of items other than household garbage. The above mentioned walkie-talkies enables the second checker to communicate with the Scalehouse. If someone who is reweighing has something unusual, the second checker is able to make sure the Scalehouse operator knows of this since the item may have been buried under other trash. The Scalehouse operator then adjusts the weight ticket accordingly to account for the actual material deposited when the customer returns to the scale to obtain the tare weight and final charge. Those individuals who entered via the Facility Use Charge window are instructed to return to the scale house upon exiting to pay for the originally undeclared items. In doing so, we are looking out for the best interest of the town and have captured increased revenue that was previously missed by the previous Management. We have caught a person who entered through the bus company parking lot and attempted to dump garbage as they entered at the Haulers entrance. When approached and unable to provide a receipt, they were sent back to the Scalehouse. It is undetermined how often this occurred prior to the new traffic pattern and the relocation of the second checker to where he is able to observe these violations. We also found by our oversight that there were people who believed that they were helping the town by bringing their recyclables here and that they were entitled to drop off garbage for free. Others felt that since they paid the \$6.00 for regular trash it allowed them to bring in bricks and other bulky more expensive materials. We found some customers believing that fire extinguishers and propane tanks were free recycling items while others felt refrigerant items had no extra cost due to the fact they believed they were considered free electronic recycling. These previous losses occurred because the resident did not declare them at the Scalehouse and were hidden out of sight from the Scalehouse Operator. It was the second checker who caught these items and confronted the customer. Currently we are averaging approximately \$100.00 per week due to our added enforcement.

**Audit Recommendation #3:** "\$0.00 reweigh ticket should be printed directly from the PC Scale System"

PC Scale does not provide for a \$0.00 reweigh ticket. Therefore under the previous manager the cash register was used to print out a \$0.00 reweigh ticket that in turn was handed to the original second checker and discarded. I would welcome the Internal Auditor's knowledge on the PC Scale System if she knows of an effective way in PC Scale to accomplish this.

Since the follow-up audit we have reinstituted a \$0.00 reweigh ticket printed from the cash register and collected at the end of their visit for those entering via the new ramp. It was determined that this is necessary in order for these customers to comply with the new signage of having a receipt to enter along with showing the second checker when confronted.

Management is evaluating the need for additional staffing should additional controls be warranted.

**APPENDIX B**

**PICTURE OF NEW SIGN POSTED AT TRANSFER STATION**

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**REPORT FROM INDEPENDENT CUSTOMER AND RECEIPTS OBTAINED  
DURING AUDIT REVIEW**



### Fairfield Waste and Recycling Observations

On 7/3, 7/7 and twice on 7/8/23, I disposed of old files which needed to be incinerated. Each of these car loads was large, so each time I weighted the car on the truck scale both before and after the disposal. My vehicle plate number was taken down by the employee operating the scale. Each time I paid the bill with cash. Each time I was given an accurate receipt. That said, I was never given a receipt when I weighed in, nor was I ever asked to show that I had weighted in before disposing of the old files.

On 8/17/23 I brought a small car load from a basement clean out. I paid the \$6 fee to the one town employee in the entrance area, was given an accurate receipt, and drove to the drop off point to dispose of my trash. There were three people sitting there on this slow Thursday morning, but there were no other cars or trucks in the area at this time which was about 9:15 a.m. One worker was in a chair a few feet from where the trash was dropped into the dumpster. A second worker was near the metal drop off area to the right of the drop off as you face it. The third worker was in an open garage area across from the drop off. As I left, I circled down around the recycle area where one citizen was dropping things into a recycle bin. No workers were in that area. At no time, did any worker look at or ask for my receipt.



TOWN OF FAIRFIELD SOLID WASTE&RECYCLING  
725 OLD POST ROAD  
Fairfield, CT 06824  
Phone: (203) 256-3023

Truck: AF48319  
Customer: 100/C.O.D

Ticket: 754661  
Date: 7/7/2023  
Time: 07:24:38 - 07:40:42

Scale  
Gross: 5460 lb In Scale 1  
Tare: 4695 lb Out Scale 1  
Net: 765 lb



Comment:

| Origin            | Materials & Services | Quantity Unit | Rate/Unit  | Amount  |
|-------------------|----------------------|---------------|------------|---------|
| NA/Not Applicable | 1/ASW-CRV            | 0.3825 FFU    | \$6.00/FFU | \$48.00 |
| Total Amount:     |                      |               |            | \$48.00 |
| Cash:             |                      |               |            | \$48.00 |
| Change:           |                      |               |            | \$0.00  |

Driver: Deputy Weighmaster: LISA G

TOWN OF FAIRFIELD SOLID WASTE&RECYCLING  
725 OLD POST ROAD  
Fairfield, CT 06824  
Phone: (203) 256-3023

Truck: AF48319  
Customer: 100/C.O.D

Ticket: 754407  
Date: 7/3/2023  
Time: 10:00:58 - 10:23:19

Scale  
Gross: 5540 lb In Scale 1  
Tare: 4730 lb Out Scale 1  
Net: 810 lb



Comment:

| Origin            | Materials & Services | Quantity Unit | Rate/Unit  | Amount  |
|-------------------|----------------------|---------------|------------|---------|
| NA/Not Applicable | 1/ASW-CRV            | 0.4050 FFU    | \$6.00/FFU | \$54.00 |
| Total Amount:     |                      |               |            | \$54.00 |
| Cash:             |                      |               |            | \$54.00 |
| Change:           |                      |               |            | \$0.00  |

Driver: Deputy Weighmaster: LISA G

TOWN OF FAIRFIELD SOLID WASTE&RECYCLING  
725 OLD POST ROAD  
Fairfield, CT 06824  
Phone: (203) 256-3023

Truck: AF48319  
Customer: 100/C.O.D

Ticket: 754776  
Date: 7/8/2023  
Time: 11:32:19 - 11:52:14

Scale  
Gross: 5460 lb In Scale 1  
Tare: 4695 lb Out Scale 1  
Net: 765 lb



Comment:

| Origin            | Materials & Services | Quantity Unit | Rate/Unit  | Amount  |
|-------------------|----------------------|---------------|------------|---------|
| NA/Not Applicable | 1/ASW-CRV            | 0.3825 FFU    | \$6.00/FFU | \$48.00 |

Total Amount: \$48.00  
Cash: \$50.00  
Change: \$0.00

Driver: \_\_\_\_\_ Deputy Driver/Receiver: Frank M

TOWN OF FAIRFIELD SOLID WASTE&RECYCLING  
725 OLD POST ROAD  
Fairfield, CT 06824  
Phone: (203) 256-3023

Truck: AF48319  
Customer: 100/C.O.D

Ticket: 754767  
Date: 7/8/2023  
Time: 10:22:32 - 10:42:55

Scale  
Gross: 5460 lb In Scale 1  
Tare: 4695 lb Out Scale 1  
Net: 765 lb



Comment:

| Origin            | Materials & Services | Quantity Unit | Rate/Unit  | Amount  |
|-------------------|----------------------|---------------|------------|---------|
| NA/Not Applicable | 1/ASW-CRV            | 0.3825 FFU    | \$6.00/FFU | \$48.00 |

Total Amount: \$48.00  
Cash: \$50.00  
Change: \$0.00

Driver: \_\_\_\_\_ Deputy Driver/Receiver: \_\_\_\_\_

TOWN OF FAIRFIELD  
SOLID WASTE & RECYCLING  
DATE 08/17/2023 THU TIME 08:4

|              |       |
|--------------|-------|
| TRASH (CARS) | \$6.0 |
| TOTAL        | \$6.0 |
| CASH         | \$6.0 |

|         |                 |      |
|---------|-----------------|------|
|         | HOURS           |      |
|         | MON-FRI\7AM-3PM |      |
|         | SAT\--AM-12PM   |      |
| CLERK 1 | No.000023       | 0000 |

TOWN OF FAIRFIELD  
SOLID WASTE & RECYCLING  
DATE 08/16/2023 WED TIME 13:18

|              |        |
|--------------|--------|
| TRASH (CARS) | \$6.00 |
| TOTAL        | \$6.00 |
| CASH         | \$6.00 |

HOURS  
MON-FRI\7AM-3PM  
SAT\AM-12PM

CLERK 1 No.000159 00000

TOWN OF FAIRFIELD SOLID WASTE&RECYCLING  
725 OLD POST ROAD  
Fairfield, CT 06824  
Phone: (203) 256-3023

Truck: AF48319  
Customer: 100/C.O.D

Ticket: 757160  
Date: 8/19/2023  
Time: 09:00:15 - 09:10:41

Scale  
Gross: 5410 lb In Scale 1  
Tare: 4655 lb Out Scale 1  
Net: 755 lb



Comment:

| Origin            | Materials & Services | Quantity Unit | Rate/Unit  | Amount  |
|-------------------|----------------------|---------------|------------|---------|
| NA/Not Applicable | 1/ASW-CRV            | 0.3775 FFU    | \$6.00/FFU | \$48.00 |

Total Amount: \$48.00  
Cash: \$50.00  
Change: \$0.00

Driver: \_\_\_\_\_

Deputy Weighmaster:  
DRIVER RECEIPT

George F

**APPENDIX C**

**TOWN TRANSFER STATION - SURPRISE CASH COUNT AND  
EVALUATION OF INTERNAL CONTROLS - FINAL REPORT DATED  
NOVEMBER 22, 2022**

Town of Fairfield  
Fairfield, Connecticut 06824  
INTERNAL AUDIT DIVISION  
(203) 256-2919 (Office)  
(203) 256-3080 (Fax)  
csaxl@fairfieldct.org

**To:** John Marsilio, Director of Public Works  
**From:** Connie M. Saxl, Senior Internal Auditor  
**Subject:** Town Transfer Station – Surprise Cash Count and Evaluation of Internal Controls  
**Date:** November 22, 2022  
**Cc:** Jared Schmitt, Chief Fiscal Officer  
John Cottell, Assistant Director of Public Works  
Lisa Gmandt, Lead Scale House Operator



**BACKGROUND & PURPOSE**

Internal Audit conducted a surprise cash count on Thursday, September 1, 2022 at 2:55pm at the Scale House located at the Town Transfer Station on 530 Richard White Way. (Transfer Station closing hour is 3:00pm that day.)

**Definition:**

A surprise cash count is the unscheduled counting of funds collected by cashiers on a particular day and reconciling them to end of day reports and cash register tapes. Further, the surprise cash count allows the auditor the opportunity to closely examine the internal control procedures used in collecting, closing out, reconciling, balancing and depositing daily collections. The aim is to identify any weaknesses that could make assets (revenue collections) vulnerable and to identify areas where internal controls may be strengthened.



### STATEMENT OF AUDITING STANDARDS

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgements and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.



### INTERNAL CONTROL DEFINED

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all the methods used to safeguard assets, to promote accuracy and reliability of the organizations accounting data and records, to encourage compliance with all policies and procedures prescribed by management and to promote the operational efficiency of the organization.

**Management should understand its responsibilities to implement and maintain adequate internal control systems.**





### **FINDING # 1**

The door to the Scale House where the cashier, cash register and daily cash collections is located is not locked during business hours. It is a small, approximately 150 square foot facility where the cashier's back faces the rear door when working. Unauthorized persons could easily walk into this location and thus make cashiers vulnerable to robbery, theft or other wrongdoing.

### **RECOMMENDATION # 1**

It is recommended that the door to the Scale House be locked at all times during business hours for security reasons. The cashier should have a key to the door of the facility during the business day for reentry if he/she needs to leave for any reason.



### **FINDING # 2**

Internal Audit met with the Lead Scale House Operator during the surprise cash count and requested the yellow copies of the tickets maintained by the Guard House Attendant (Guard) at the secondary checkpoint for that day to ensure that this internal control was in place and properly functioning. Internal Audit was told that the Guard at the secondary checkpoint was being "phased-out" and that he does not work on Thursdays. Internal Audit then requested the work schedule of the Guard at the secondary checkpoint. Based on this schedule, it was determined that there is no secondary checkpoint for a total of 25.5 business hours per week. The schedule is as follows:

| <b>Business Day</b> | <b>Hours of Business Operation</b> | <b>Hours Where Secondary Checkpoint Operational</b> | <b>Business Hours With an Unmanned Secondary Checkpoint</b> |
|---------------------|------------------------------------|-----------------------------------------------------|-------------------------------------------------------------|
| Monday              | 7am – 3pm                          | 7am – 12pm                                          | 3 Hours                                                     |
| Tuesday             | 7am – 3pm                          | 7am – 12pm                                          | 3 Hours                                                     |
| Wednesday           | 7am – 3pm                          | 7am – 11:30am                                       | 3.5 Hours                                                   |
| Thursday            | 7am – 3pm                          | ---                                                 | 8 Hours                                                     |
| Friday              | 7am – 3pm                          | ---                                                 | 8 Hours                                                     |

|                    |                 |                   |                   |
|--------------------|-----------------|-------------------|-------------------|
| Saturday           | 7am – 12pm      | 7am – 12pm        | 0 Hours           |
| <b>Total Hours</b> | <b>45 Hours</b> | <b>19.5 Hours</b> | <b>25.5 Hours</b> |

It was further noted that the Lead Scale Operator, who is also the head supervisor of the Transfer Station does not work on Wednesday's, which is the same day that the Guard at the secondary checkpoint works from 7am to 11:30am and is unmanned for 3.5 hours although a part-time cashier is present that day.

The phasing-out of the Guard House Attendant at the secondary checkpoint and the accompanying failure to replace this internal control with a compensating one results in an overall decrease in internal controls governing revenue collections and associated dumping of waste at the Town Transfer Station.

## **RECOMMENDATION # 2**

It is recommended that management review the importance of the role of the Guard House Attendant as outlined below in relation to the total dollar value of revenue collected by the Town Transfer Station. Management should either reestablish the position to cover all business hours of operation or implement other internal control measures to ensure that revenue collections are properly collected and safeguarded.

### **I. Roles and Responsibilities of the Guard House Attendant**

1. Serves as a vital internal control to ensure that each customer has properly paid the required fee (regardless of payment type – cash, check, debit hauler) and if applicable, has properly weighed their vehicle with the Scale House Operator prior to entry into the facility.

**Cash Register Side of Scale House:** All customers receive a two-part cash register receipt designating that they have paid their required fee. The yellow copy of the receipt is handed to the Guard House Attendant prior to entry into the facility.

**Scale Weighing Side of Scale House:** All customers must weigh the gross tare weight of their vehicle on the scale. Once weighed, they receive a two-part reweigh ticket printed from the cash register. The white copy is handed to the Guard House Attendant prior to entry into the facility.

Customers without a cash register receipt or reweigh ticket from the Scale House are **not allowed access** to dump in the Facility.

2. Checks each customer's cash register receipt to ensure that the correct date, waste type and dollar amount is charged prior to entry into the facility. A cursory review of the contents of the vehicle is also conducted to ensure that the two agree.
3. Checks each reweigh ticket to ensure that the correct date and description is designated on it to ensure that they have properly weighed-in at the Scale House (scale side) prior to customer entry into the Facility.
4. Serves as patrol and prevents unauthorized entry to customers who bypass the Scale House.
5. Monitors the waste, oil and antifreeze disposal container located at the site and reports dumping issues.
6. Monitors the recycling area and instructs residents to pay the scale house cashier the proper fee if found also dumping garbage.
7. Answers customer questions and directs them to the correct location within the Facility for proper dumping of waste.
8. Relieves the Scale House Operator for lunch and bathroom breaks.
9. Grants or denies vehicle access to persons who wish to enter the Department of Public Works Garage and their accompanying offices and parking lot, which houses heavy machinery and equipment.

## **II. Cost of Part-Time Payroll for the Guard House Attendant over the Last 3 Fiscal Years**

Each part-time position serves interchangeably as both Guard House Attendant and Scale House Operator/Cashier.

The total cost of part-time payroll for five positions during last 3 fiscal years when all hours of operation were covered by the Guard House Attendant:

| <u>PT PAYROLL EXPENSE</u>      | <u>2022</u>        | <u>2021</u>        | <u>2020</u>        |
|--------------------------------|--------------------|--------------------|--------------------|
| PART-TIME PAYROLL              | \$63,358.24        | \$62,931.79        | \$67,428.60        |
| SOCIAL SECURITY                | \$918.69           | \$912.51           | \$977.71           |
| <b>GRAND TOTAL PT PAYROLL:</b> | <b>\$64,276.93</b> | <b>\$63,844.30</b> | <b>\$68,406.31</b> |

PERCENT CHANGE FROM PRIOR YEAR:      0.68%      -6.67%

### III. Total Revenue Collected at the Solid Waste & Recycling Facility over the Last 3 Fiscal Years:

| <u>A/C #</u>                | <u>ACCOUNT DESCRIPTION</u>      | <u>2022</u>            | <u>2021</u>            | <u>2020</u>            |
|-----------------------------|---------------------------------|------------------------|------------------------|------------------------|
| 42143                       | TOWN DUMP - PERMITS             | \$ 48,141.52           | \$ 25,055.00           | \$ 39,090.00           |
| 42338                       | TOWN DUMP - SCALE WEIGHING      | \$ 2,561,287.40        | \$ 2,528,773.91        | \$ 2,572,472.68        |
| 42339                       | TOWN DUMP - ELECTRONICS         | \$ 4,892.40            | \$ 11,206.80           | \$ 10,322.15           |
| 42340                       | TOWN DUMP - BULKY WASTE         | \$ 62,796.13           | \$ 55,566.00           | \$ 42,155.00           |
| 42341                       | TOWN DUMP - METAL               | \$ 117,944.85          | \$ 100,430.36          | \$ 66,638.97           |
| 42342                       | TOWN DUMP - TIRES               | \$ 1,755.00            | \$ 2,005.00            | \$ 1,790.00            |
| 42343                       | TOWN DUMP - FUEL OIL            | \$ -                   | \$ 20.00               | \$ 45.00               |
| 42345                       | TOWN DUMP - RECYCLABLES REBATE  | \$ 2,957.28            | \$ -                   | \$ -                   |
| 42346                       | TOWN DUMP - FIXED INCOME        | \$ 4,118.00            | \$ 4,900.00            | \$ 4,696.00            |
| 42347                       | TOWN DUMP - TEXTILES            | \$ 817.50              | \$ 1,524.75            | \$ 1,455.00            |
| 42348                       | TOWN DUMP - FACILITY USE CHARGE | \$ 312,628.00          | \$ 357,105.52          | \$ 327,387.00          |
| <b>GRAND TOTAL REVENUE:</b> |                                 | <b>\$ 3,117,338.08</b> | <b>\$ 3,086,587.34</b> | <b>\$ 3,066,051.80</b> |

PERCENT CHANGE FROM PRIOR YEAR:      1.00%      0.67%

### IV. Cost of part-time payroll expense as a percent of revenue over the last 3 fiscal years:

|                                       | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---------------------------------------|-------------|-------------|-------------|
| PT PAYROLL EXPENSE AS A % OF REVENUE: | 2.06%       | 2.07%       | 2.23%       |

As shown in the cost-expense analyses provided, the part-time payroll expense incurred by the utilizing the Guard House Attendant during all

hours of business operation represents a little over 2% of total revenue collected.

If the Guard House Attendant is not re-established to be on duty during all business hours, then DPW management should, at a minimum, implement quarterly analyses of total tonnage entering the facility (based on revenue generated) compared to total tonnage of waste exiting the facility for disposal. If more tonnage is being disposed than the recorded as collected then this signals a problem, which should be investigated.



### **FINDING # 3**

Discussions with the Lead Scale House Operator revealed that the two-part (white and yellow) cash register tape is currently obsolete and can no longer be purchased. A small supply remains on-hand at the scale house, which will last until the end of the calendar year. Furthermore, the cash register is approximately 15 years old and is approaching the end of its useful life.

### **RECOMMENDATION # 3**

The Town should purchase a new cash register as soon as possible. The printed white cash register receipt should be given to customers at time of payment and can be handed to the Guard House Attendant for entry into the facility (as long as the second checkpoint continues to be used). Furthermore, the new cash register should allow for direct customer credit card payment/swipe thus eliminating the need for the hand-held credit card reader.

It should be noted that PC Scale also has an add-on for collecting credit card payments and should be explored as an option to accept customer credit card payments.



## **AUDIT FINDINGS REPRESENTING STRONG INTERNAL CONTROLS**

1. *Strong Internal Control* - Detailed written cash register/PC Scale close-out instructions were available for cashiers to follow.
2. *Strong Internal Control* - The cash register/PC Scale computer program is closed-out at the end of each business day. Detailed cash register tapes along with the end of day cash register reconciliation, close out cash register tape & PC Scale report are sent to DPW Administration office for daily bank deposit. No discrepancies were noted between cash and checks collected compared to the close-out cash register tape and PC Scale report during the surprise cash count.
3. *Strong Internal Control* - Hand held credit card readers are properly locked in a tamper-proof safe at the close of each business day.
4. *Strong Internal Control* - The Scale House is properly alarmed with a security system and security cameras.



## **CLOSING REMARKS**

The Internal Audit Division appreciates the cooperation received and enjoyed working with the involved parties at the Town Transfer Station. I am available to assist with the implementation of any of the audit recommendations made within the report in order to strengthen internal controls at the Town Transfer Station. I look forward to working with you again in the future. Thank you.

**Town of Fairfield**  
**Solid Waste and Recycling**

**DT:** November 18, 2022  
**TO:** Connie M. Saxl, Senior Internal Auditor  
**CC:** John Marsilio, Director of Public Works  
Jared Schmitt, Chief Fiscal Officer  
Lisa Gndt, Lead Scale House Operator  
**FR:** John F. Cottell Jr, Assistant Director Public Facilities

**RE: Fairfield Transfer Station Surprise Audit**

The following is a response to the surprise audit that occurred on Thursday, September 1, 2022 at 2:55

**Finding # 1** - Rear door to the scale house that is located to the back of the cashier was not locked.

This door is normally maintained locked. Training of the newly hired scale operator was in process with two people in the scale house at the time of the audit. Security controls of maintaining the door locked have been emphasized to the scale operators.

**Finding # 2**- Guard House Attendant located at the street entrance phased out.

To improve the overall safety operations at the transfer station, a new traffic pattern has been instituted. See attached layout. This new pattern separates the traffic flow of the heavy commercial trucks and the residential non hauler licensed vehicles. A new entrance located near the scale house was constructed to facilitate the separation while maintaining proper monitoring controls. The attendant that was originally located in the guard house along the street has been relocated next to transfer station building where he can provide better inspection of recycling and waste deposits. In addition this enables increased interaction with the residents for guidance and compliance along with spot checking of scale house issued receipts. The traffic flow has also been designed to provide one way direction which reduces confusion and fender benders. We have received positive feedback from both residents and staff regarding the new traffic pattern.

The below is our Lead Scale House Operator's experienced response to the auditor's list of Roles and Responsibilities of the Guard House Attendant of which I concur. Her responses are in blue type.

## RECOMMENDATION # 2

It is recommended that management review the importance of the role of the Guard House Attendant as outlined below in relation to the total dollar value of revenue collected by the Town Transfer Station. Management should either reestablish the position to cover all business hours of operation or implement other internal control measures to ensure that revenue collections are properly collected and safeguarded.

### I. Roles and Responsibilities of the Guard House Attendant

1. Serves as a vital internal control to ensure that each customer has properly paid the required fee (regardless of payment type – cash, check, debit hauler) and if applicable, has properly weighed their vehicle with the Scale

House Operator prior to entry into the facility. *Not true, as anyone working at the scale house can give the person a ticket for a non-paid item, the person sitting in the guard shack does not have an adequate view to police where and what the person is dumping.*

Cash Register Side of Scale House: All customers receive a two-part cash register receipt designating that they have paid their required fee. The yellow copy of the receipt is handed to the Guard House Attendant prior to entry into the facility. *With the new configuration of transfer station, we have better traffic flow, people have to enter behind the scale house, the guard shack up top gives a better view of who is entering the facility and whether they stopped at the scale house, plus we have a better control of what is being dumped. As everyone who enters the transfer station is given a receipt, of which we reserve the right to double check them, people who ask to dump something that has an extra charge, we direct them back to the scale house for payment.*

Scale Weighing Side of Scale House: All customers must weigh the gross tare weight of their vehicle on the scale. Once weighed, they receive a two part reweigh ticket printed from the cash register. The white copy is handed to the Guard House Attendant prior to entry into the facility. *Never has the white copy been turned in to the guard shack, always the yellow copy. As it was stressed, if they didn't turn in the yellow receipt the resident might reuse it.*



Customers without a cash register receipt or reweigh ticket from the Scale House are not allowed access to dump in the Facility.

2. Checks each customer's cash register receipt to ensure that the correct date, waste type and dollar amount is charged prior to entry into the facility. A cursory review of the contents of the vehicle is also conducted to ensure that

the two agree. *Doubtful, this job was always considered the brainless job. Person sitting inside did not have enough of view of the vehicle to see inside. As for the first year I was here it was mostly manned by older special cops, who barely payed attention, previous to this it was the oldest person's job to sit in the booth and collect tickets.*

3. Checks each reweigh ticket to ensure that the correct date and description is designated on it to ensure that they have properly weighed-in at the Scale

House (scale side) prior to customer entry into the Facility. *Doubtful, with a lot of trucks reweighing at the same time and a lot of trucks that look the same, no one working that far away can keep track of who needs to reweigh or not.*

4. Serves as patrol and prevents unauthorized entry to customers who bypass

the Scale House. *With the new configuration anyone bypassing the scale house will not be able to enter the area to dump household garbage, plus they become real visible to those working up top and are directed back to the scale house.*

5. Monitors the waste, oil and antifreeze disposal container located at the site

and reports dumping issues. *Moved up top, monitored by the person there who also gives out stickers. In old location many times hazardous waste was dumped in disposal container after hours.*

6. Monitors the recycling area and instructs residents to pay the scale house

cashier the proper fee if found also dumping garbage. *False, no clear view of the recycling which has been highly contaminated with garbage.*

7. Answers customer questions and directs them to the correct location within

the Facility for proper dumping of waste. *Having the person up top, actually works better on helping and directing people.*

8. Relieves the Scale House Operator for lunch and bathroom breaks. *It is nice when there are people here to cover breaks.*

9. Grants or denies vehicle access to persons who wish to enter the Department

of Public Works Garage and their accompanying offices and parking

lot, which houses heavy machinery and equipment. Even with the booth manned, people entering Public Works and or the bus company, rarely stopped but blew through the stop sign, actually making the bottleneck of that area more dangerous.

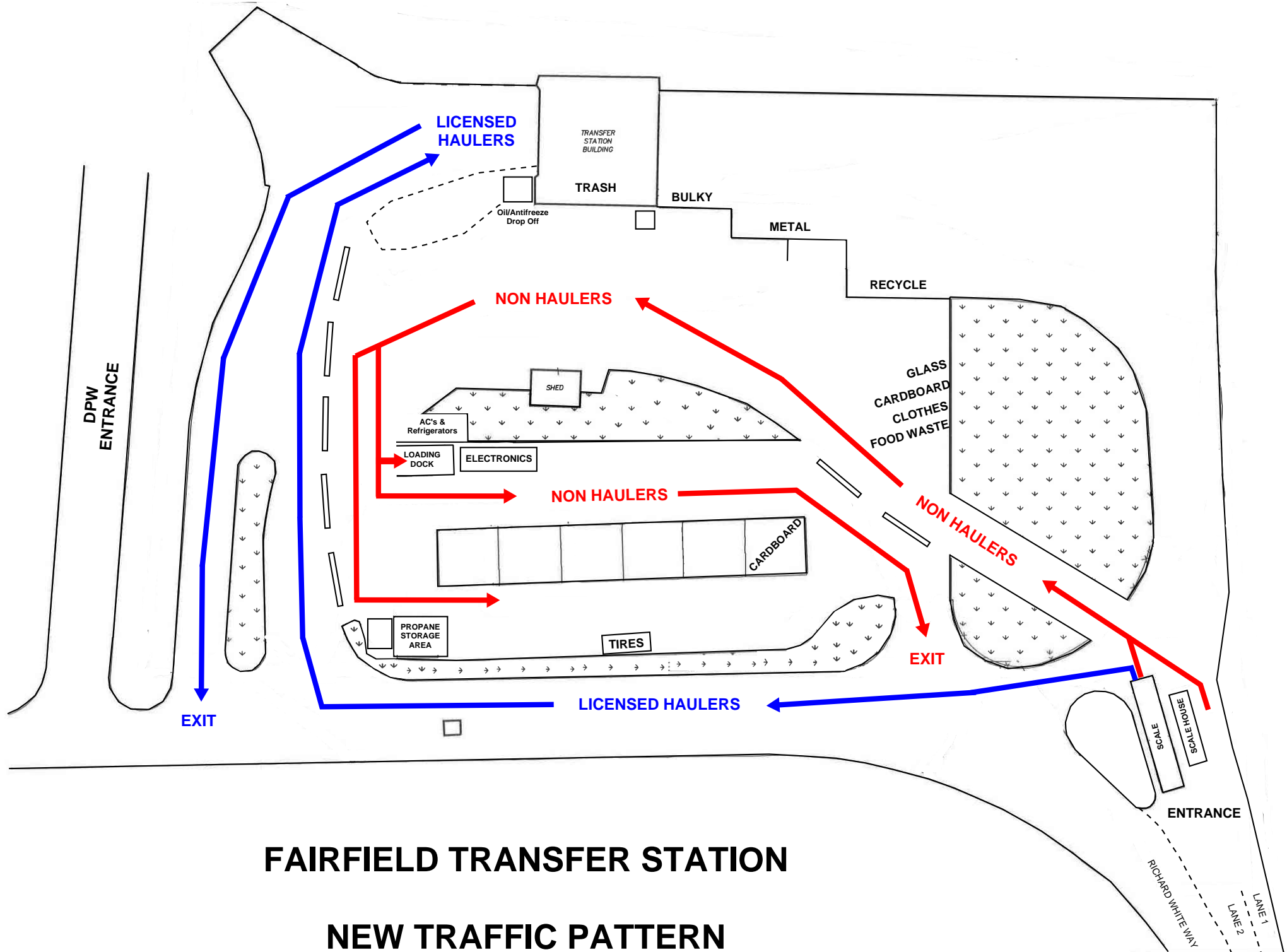
Improvements with traffic flow and operations are still ongoing which consists of additional striping and signage and the elimination of the lower level single stream containers to be replaced with the trailer located at the top as indicated on the traffic flow pattern.

Funding for additional coverage was requested and added into the budget. A search for additional part time employees has been ongoing.

**Finding # 3** - Purchase a new cash register.

As noted in the Auditor's remarks it was the Lead Scale Operator's input that a new cash register is needed. Research and surveys of other municipalities has been ongoing for a register and software that best accomplishes the collection tasks and interfaces with PC Scale.

I welcome any follow up questions that you may have.



Town of Fairfield  
Fairfield, Connecticut 06824  
INTERNAL AUDIT DIVISION  
(203) 256-2919 (Office)  
(203) 255-7380 (Fax)  
csaxl@fairfieldct.org

**To:** Department Heads: Pat Mahoney, Building Department, James  
Wendt, Town Plan & Zoning Department, Timothy Bishop,  
Conservation Department, William Hurley, Engineering  
Department  
**From:** Connie M. Saxl, Senior Internal Auditor  
**Subject:** Value Payment Systems eCheck Rejects, Chargebacks and Refunds  
**Date:** June 2, 2023  
**Cc:** Jared Schmitt, Chief Fiscal Officer  
Dave Kelley, Director of Information Technology



**AUDIT PURPOSE AND SCOPE**

Internal Audit conducted a review of Value Payment Systems online echeck rejects, chargebacks and refunds for the period June 1, 2022 through January 15, 2023 to verify that each department (Building, Town Plan & Zoning, Conservation and Engineering Departments) complied with prescribed Town policies and procedures surrounding these transactions.

The audit sample included 100% review of 229 daily reports issued by Value Payment Systems for the time period selected. Gross online transactions for customer payments examined totaled \$1,414,406.00. All echeck rejects and chargebacks occurring during this time were traced to customer replacement checks, the MUNIS financial accounting system and associated bank deposits. All customer refunds were traced to written documentation recording reason for the refund along with clerk and department head review and approval for these transactions.



## **BACKGROUND**

**Municipity is the new customer online permitting system that was implemented by the Town commencing January 2022. Value Payment Systems (VPS) is the credit card processor who submits daily reports to each Town department that utilizes Municipity for online permitting. The VPS reports include summary and detail for each online customer transaction occurring each day by department.**

**Definition of a Chargeback:** A chargeback is a credit card charge that is disputed by the customer and a request is made by the customer directly to their credit card company to have the charge reversed. The credit card company processes the chargeback for the customer and is reflected on the Daily Value Payment Systems report.

**Definition of an eCheck Reject:** An echeck reject is a credit card charge that is declined by the credit card company because something went wrong during the customer payment process and the payment could not be completed.

**Definition of Refund:** A reversal of a customer credit card transaction whereby the original charge is credited back to the customer's account. These are done in-office.

### **Recap of Policies and Procedures (Full Policy Attached):**

- Departments must notify each customer that their online payment has been reversed by Value payment Systems on the day that they are notified of the reject or chargeback.
- Departments must collect the required permit fee plus the administrative transaction fee of \$20 via replacement check from the customer within 10 business days.
- Permits must be voided from Municipity if a replacement check has not been received from customers within 10 business days after notification.
- No permit or certificate of occupancy shall be issued or inspections conducted, etc. by the department until proper payment is made by the customer.

- Both the clerk and their supervisor must document all refunds in writing including reason for the customer refund, associated permit number voided, signature and date.



### **STATEMENT OF AUDITING STANDARDS**

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgements and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.



### **INTERNAL CONTROL DEFINED**

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all the methods used to safeguard assets, to promote accuracy and reliability of the organizations accounting data and records, to encourage compliance with all policies and procedures prescribed by management and to promote the operational efficiency of the organization. Management should understand its responsibilities to implement and maintain adequate internal control systems.



### **AUDIT FINDING #1**

It was noted on 10 occasions during the period examined where echeck rejects or chargebacks totaling \$16,319.00 occurred as follows:

| <b>Report Date</b> | <b>Department</b> | <b>Amount</b> |
|--------------------|-------------------|---------------|
| June 7, 2022       | Building          | \$7,332.00    |
| June 28, 2022      | Building          | \$835.00      |

|                     |              |                    |
|---------------------|--------------|--------------------|
| July 5, 2022        | Building     | \$172.00           |
| August 12, 2022     | Building     | \$1,551.00         |
| August 24, 2022     | Conservation | \$1,020.00         |
| September 26, 2022  | Engineering  | \$30.00            |
| October 26, 2022    | Conservation | \$700.00           |
| December 13, 2022   | Building     | \$2,691.00         |
| December 27, 2022   | Building     | \$358.00           |
| December 31, 2022   | Building     | \$1,630.00         |
| <b>Grand Total:</b> |              | <b>\$16,319.00</b> |

Total echeck rejects or chargebacks represented 1.15% of the gross collections for the period examined.

All departments properly collected the required permit fee plus the administrative transaction fee via replacement check from each customer within 10 business days. All redeposit of funds for the transactions noted were properly traced to MUNIS and recorded as revenue. All redeposits were also traced to bank deposits without exception.

### **AUDIT RECOMMENDATION #1**

No Audit Recommendation made at this time.



### **AUDIT FINDING #2**

It was noted on 4 occasions during the period examined where refunds totaling \$4,136.00 occurred as follows:

| <b>Report Date</b>  | <b>Department</b>  | <b>Amount</b>     |
|---------------------|--------------------|-------------------|
| June 2, 2022        | Building           | \$1,113.00        |
| July 1, 2022        | Building           | \$172.00          |
| October 28, 2022    | Town Plan & Zoning | \$160.00          |
| December 1, 2022    | Building           | \$2,691.00        |
| <b>Grand Total:</b> |                    | <b>\$4,136.00</b> |

Total refunds represented .29% of the gross collections for the period examined.

One department had not complied with Town policies and procedures governing online customer refunds on one occasion totaling \$2,691.

### **AUDIT RECOMMENDATION #2**

The process of documentation, review, and supervisory approval of customer refunds is an important internal control necessary for safeguarding Town revenue. The importance of adhering to prescribed Town policies and procedures governing refunds was stressed with both department staff and department head. Further, the “Policies and Procedures for On-line Permitting” was redistributed to the department for their review and explained in detail for their understanding.

The department understood, agreed and will comply with all future customer refund transactions.



### **CLOSING REMARKS**

The assistance and cooperation received from the Building Department, Town Plan and Zoning Department, Conservation Department and Engineering Department staff was greatly appreciated. I enjoyed working with the involved parties and look forward to working with you again in the near future. Thank you.



**Attachment**

**Online Permitting Policies and Procedures**

## **POLICIES AND PROCEDURES**

### **ONLINE PERMITTING**

#### **MUNICIPALITY**

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ALL DAILY DEPOSITS

1. All daily customer collections, **whether paid by cash, check, credit/debit card or electronic check** must be recorded and reflected in Municipality.
2. Each employee must have their own separate password or login for Municipality and must be used whenever collecting and recording customer payments or processing refunds in Municipality.
3. In the case of an in-person payment transaction, the receipt or other form of acknowledgement of payment may be given directly to the customer, emailed or mailed.
4. The function of receiving customer payments should be centralized within your department to one or two employees.
5. Employees who receive and process customer payments must log out at the close of each business day.
6. Daily online reports must be printed from the system on the following business day for the previous day's transactions in order to prepare the deposit transmittal.

Note: The department will prepare TWO deposit transmittals each day!

One for cash and checks and one for credit cards as follows:

7. **Cash and Checks:** The validated bank deposit slip **AND** your daily online computer report must be **stapled** to the deposit transmittal. **NOTE:** One transmittal per day!
8. **Credit/debit card or electronic check:** The daily online computer report must be stapled to the deposit transmittal. **NOTE:** One transmittal per day!

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## **REJECTS, CHARGEBACKS, REFUNDS**

### **REJECTS AND CHARGEBACKS: (TREAT LIKE A BOUNCED CHECK):**

DEFINITION: A CHARGEBACK IS A CREDIT CARD CHARGE THAT IS DISPUTED BY THE CUSTOMER AND A REQUEST IS MADE BY THE CUSTOMER DIRECTLY TO THEIR CREDIT CARD COMPANY TO HAVE THE CHARGE REVERSED. CHARGEBACKS ARE DONE BY THE CREDIT CARD COMPANY.

DEFINITION: A REJECT IS A CREDIT CARD CHARGE THAT IS DECLINED BY THE CREDIT CARD COMPANY BECAUSE SOMETHING WENT WRONG DURING THE CUSTOMER PURCHASE PROCESS AND THE PURCHASE COULD NOT BE COMPLETED.

1. IF THERE IS A **REJECT OR CHARGEBACK** SHOWN ON THE "TOWN OF FAIRFIELD - CT DAILY REPORT" **FROM VALUE PAYMENT SYSTEMS, ALSO KNOWN AS VPS \*\*** THEN:

**\*\* AN EMAIL WITH THIS REPORT IS SENT TO EACH DEPARTMENT FROM VPS ON A DAILY BASIS.**

A.) MAKE A COPY OF THE VPS REPORT (SUMMARY PAGE PLUS THE DETAIL PAGE) DESCRIBING THE REJECT OR CHARGEBACK AND GIVE TO GIULIANA SANTIAGO, ACCOUNTANT IN THE FINANCE DEPARTMENT ASAP.

B.) CALL THE CONTRACTOR/CUSTOMER AND NOTIFY THEM THAT THEIR PAYMENT WAS REJECTED OR THAT A CHARGEBACK OCCURRED ON THEIR PAYMENT.

IF THE CONTRACTOR/CUSTOMER STILL WISHES TO OBTAIN A PERMIT, THEN REQUEST A **CHECK FOR THE AMOUNT OWED PLUS A \$20 ADMINISTRATIVE TRANSACTION FEE.**

2. WHEN YOU RECEIVE THE REPLACEMENT PAYMENT CHECK FROM THE CONTRACTOR/CUSTOMER:

A.) RECORD IT ON ITS OWN SEPARATE YELLOW DEPOSIT TRANSMITTAL UNDER:

~ REDEPOSIT - RECORD AMOUNT OF PERMIT FEES OWED & WRITE THE NAME OF THE CONTRACTOR ON THE TRANSMITTAL.

~ RETURNED CHECK FEES - RECORD \$20 (ONE FEE SHALL BE APPLIED PER CONTRACTOR/CUSTOMER PER PAYMENT REJECTED/CHARGED BACK PER DAY).

B.) BRING THE YELLOW DEPOSIT TRANSMITTAL TO FINANCE AND PLACE IT IN THE BIN FOR PROCESSING.

NOTE: IF YOU DO NOT RECEIVE THE REPLACEMENT CHECK FROM THE CUSTOMER/CONTRACTOR WITHIN 10 BUSINESS DAYS AFTER THEY ARE NOTIFIED OF THE REJECT OR CHARGEBACK THEN THEIR PERMIT MUST BE VOIDED FROM THE SYSTEM. NO INSPECTIONS SHALL BE CONDUCTED OR CERTIFICATES OF OCCUPANCY, PERMITS, ETC. SHALL BE ISSUED BY THE TOWN DEPARTMENT UNTIL PROPER PAYMENT IS MADE BY THE CONTRACTOR/CUSTOMER.

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REFUNDS:

If a customer refund is necessary, the refund should be credited to the original card used for that purchase, if possible. A refund must never exceed the original payment amount.

A supervisor must approve all customer refunds! For audit purposes, refund transactions must be properly documented and accounted for as follows:

IF YOU PROCESS A CONTRACTOR/CUSTOMER **REFUND**:

- A.) MAKE A COPY OF THE VPS REPORT SUMMARY AND DETAIL PAGES THAT SHOW THE REFUND. WRITE A BRIEF DESCRIPTION OF WHY THE CUSTOMER REFUND WAS PROCESSED ON THE DETAIL PAGE, THE CANCELLED PERMIT NUMBER AND SIGN & DATE IT. YOUR DEPARTMENT HEAD MUST ALSO SIGN AND DATE THIS PAGE DESIGNATING HIS OR HER REVIEW AND APPROVAL.
- B.) PREPARE YOUR YELLOW DEPOSIT TRANSMITTAL FOR THE DAY AS NORMAL AND STAPLE COPIES OF THE REFUND REPORTS TO THE TRANSMITTAL. KEEP A COPY FOR YOUR RECORDS.
- C.) THE TOTAL DOLLAR AMOUNT ON THE VPS SUMMARY PAGE MUST AGREE TO THE TOTAL DOLLAR AMOUNT ON YOUR YELLOW DEPOSIT TRANSMITTAL SHEET. THIS IS WHAT HAS BEEN DEPOSITED IN THE TOWN GENERAL FUND BANK ACCOUNT THAT DAY - NET THE REFUND.

NOTE: IF A REFUND IS PROCESSED THEN THE ASSOCIATED PERMIT MUST BE VOIDED FROM THE SYSTEM. NO INSPECTIONS SHALL BE CONDUCTED OR CERTIFICATES OF OCCUPANCY, PERMITS, ETC. SHALL BE ISSUED BY THE TOWN DEPARTMENT.

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### **BANK DEPOSITS – CASH AND CHECKS**

1. Bank deposits must be performed on a daily basis for all cash collections. No monies are to be maintained for a period greater than twenty-four hours without deposit. Bank bags for overnight deposits should be obtained if the department is unable to perform daily deposits during normal banking hours. All cash items must be secured in a secure area with restricted access until the deposit is made (i.e., safe, or other locked area.)
2. A centralized depository location is also available in Sullivan Independence Hall, Finance Department who will make the bank deposit on a daily basis for departments. (All departments within Sullivan Independence Hall are required to use the Finance Department bank depository system.) Each department must purchase disposable tamper-resistant bank bags. You will be required to write your name and department, the date and deposit amount in the designated area on the bank bag. All departments within the building will bring their deposits in the sealed tamper-resistant bank bags to the Finance Department and sign them into the logbook. The Finance Department will accumulate these deposits and secure them overnight in the locked vault. All sealed tamper-resistant bank bags will be deposited at People's Bank the following business day. Validated bank deposit receipt slips will be available for department pickup in Finance the following business day.

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DEPOSIT TRANSMITTALS

A yellow deposit transmittal must be used for all cash/check, credit card and other online customer payments:

1. Record the date that is validated (i.e., stamped) by the bank on the deposit slip as the "Deposit Date" on the Deposit Transmittal.
2. Record the date that you collected your revenue in the "Collection Date" line on the Deposit Transmittal.
3. Record the dollar amount of revenue collected in the appropriate MUNIS revenue account by A/R code for your department.

4. Finance will notify you when a customer's check is returned by the bank. You must contact that person and obtain a new check, cash or money order to replace it along with a \$20 bounced check fee. When you receive the new check, record the revenue on the revenue line that states "Redeposit Returned Checks". Record the \$20 returned check fee in the line that says "Returned Check Fee".
5. All cash over or under from departmental collections must be recorded in the "Cash Over/Under" account for your A/R Code 010-10100. Any cash over/under in the amount of \$150 or more per Deposit Transmittal must be investigated and reported to Internal Audit.
6. Total per Deposit Transmittal = Total per Bank Deposit Slip = Total per Daily Online Report and VPS Report
The "Total Deposit" recorded on the Deposit Transmittal must agree to the total dollar amount validated by the bank on the deposit slip. Concurrently, the total amount per the Deposit Transmittal and the stamped bank deposit slip MUST agree to the Daily Online Report.
7. The preparer must sign the Deposit Transmittal where it says "Completed By".
8. The Department Head must sign the Deposit Transmittal where it says "Authorized Signature". Ink stamps of signatures are not acceptable.
9. Staple the validated bank deposit slip to the Deposit Transmittal.
Forward the completed Deposit Transmittal and bank deposit slip to Finance within one week of deposit.

Keep a copy of the Deposit Transmittal, validated bank deposit slip and associated backup documents for your records and for auditing purposes.

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### **SECURITY INCIDENT REPORTING AND ERRORS OR IRREGULARITIES**

In the event of suspected fraud, tampering or substitution of a Point-of-Sale device or computer belonging to the Town of Fairfield, or suspected loss or theft of documents or files containing cardholder data, the Finance Department should be immediately notified.

It is the responsibility of all employees to notify the Finance Department whenever errors or irregularities are detected within the revenue collection process. This includes thefts, suspicion of fraud, errors made in deposits or errors made on Deposit Transmittals. Notification must be made immediately upon discovering the error or irregularity so that it may be rectified on a timely basis.

7/15/2022

**Town of Fairfield**  
**Internal Audit Report**  
**Calendar 2023**  
**January 1 through December 31, 2023**

Submitted by: Connie M. Saxl, Internal Auditor

March 1, 2024

**Internal Audits**

- Audit: CardConnect Credit Card Processing Fees (April 2023)
- Audit: Value Payment Systems eCheck Rejects, Chargebacks and Refunds (June 2023)
- Audit: Off-Duty Management Deposits – Police Department (August 2023)
- Audit: Recreation Department Petty Cash Fund/Checking Account (October 2023)
- Audit: GovDeals Revenue Received from Auction of Town Vehicles, Machinery and Equipment (October 2023)
- FOLLOW UP on Audit Report Dated November 22, 2022: Town Transfer Station – Surprise Cash Count and Evaluation of Internal Controls (October 2023)
- Audit: Cash/Check Deposits: Recreation Department, H. Smith Richardson Golf Course and Carl J. Dickman Golf Course (October 2023)

**Draft Internal Audit Reports – In Management Review**

- DRAFT - Audit of Departmental Petty Cash and Change Funds (September 2023)
- DRAFT - Audit – Tax Collector – Revenue Collections/Refunds/Internal Controls/Departmental Operations (September 2023)
- DRAFT - Review of Bid Award #2018-26 (Garbage Pick-Up) & #2021-30 (Leaf Pick-Up), Contracted Property Services & Other Contracts (October 2023)
- DRAFT - Audit: Senior Center Program Revenue (October 2023)
- DRAFT - Audit: Revenue Generated by the Office of the Town Clerk (November 2023)
- DRAFT - Audit of Golf Manager Compensation & Golf Independent Contractor Agreement (December 2023)

**Policies & Procedures**

- Wrote Draft Policy for Town Management: Town-owned Vehicles (July 2023)
- Wrote Draft Policy for Town Management: Policy for Auction of Surplus-Obsolete Town Property (September 2023)



## **Financial/Accounting/Other**

- Quarterly Federal Reporting of Project Expenditures for American Relief Fund as of March 30, 2023
- Town General Fund - Monthly Bank reconciliations as of June 30, 2023
- Recreation Department - Monthly Bank reconciliations as of June 30, 2023
- Fire Training Center – Preparation of Statement of Revenue, Expenditures and Fund Balance for Grant and Fees accounts for FY23
- Prepared monthly and quarterly pension and OPEB cash flow reports for Town Employees and Police and Fire as of June 30, 2023
- Processed monthly invoices for payment to Wilmington Trust pertaining to the Town pension plans
- Prepare GASB 67 & 68 Pension expenses by month for FY23 for Milliman Actuaries
- Prepare GASB 74 & 75 OPEB expenses by month for FY23 for Milliman Actuaries
- Reviewed all Town lease agreements to ensure that all lease payments were properly received as of June 30, 2023
- Prepared annual Town Lease Report for FY24
- Sent refresher email to Department Heads on January 6, 2023 regarding Credit Card Policies and Procedures
- Sent refresher email to Department Heads on May 12, 2023 regarding Deposit Transmittal Policies and Procedures
- Recommended and assisted in the implementation of the scanning of deposit transmittals and associated backup documentation into MUNIS in Finance. This allows for greater ease of lookup of deposit documentation submitted to Finance by departments
- Requested reimbursement from the State of Connecticut for unclaimed funds also known as “The Big List” and received a total of approximately \$36,000 back to the Town
- Submitted the quarterly expenditure report to the US Treasury for ARPA funds for the 1<sup>st</sup> quarter of calendar 2023
- Worked with State Auditor and Board of Education Manager of Safety, Security and Construction on Fairfield Woods Middle School and Fairfield Ludlowe High School Construction Audits

**Board of Finance Regular Meeting  
Tuesday, February 6, 2024, 7:30 pm  
Via Webex And In Person at the  
BOE Offices, Room 295 A/B  
501 Kings Highway East, Fairfield, CT**

A recording of this meeting can be found here: [BOF Regular Meeting 2/6/2024.](#)

The backup documents can be found here: [BOF Backup Packet 2/6/2024.](#)

**DRAFT MINUTES**

MEMBERS PRESENT: Chairwoman Lori Charlton, Vice-Chair John Mitola, Secretary Craig Curley, Mary LeClerc, Shane Pendley, Amy Ruggiero, Kevin Starke, Jack Testani

MEMBERS ABSENT: James Walsh

OTHERS PRESENT: First Selectman Bill Gerber, Interim CFO David Becker, PKF O'Connor Davies Partner Joseph Centofanti, Phoenix Advisors Senior Managing Director Matthew Spoerndle, Town Controller Caitlin Bosse, Engineering Manager Bill Hurley, FairTV and members of the public

- 1) Call to Order  
Chairwoman Lori Charlton called the meeting to order at 7:34 pm.

- 2) Pledge of Allegiance  
Vice Chair John Mitola led the Pledge of Allegiance.

Former BOF member Sheila Marmion was presented with a plaque commemorating her many years of service with the BOF.

First Selectman Bill Gerber gave an update on the status of the Town CFO position stating that the former CFO resigned in January. Jack Testani had questions about the date the former CFO resigned and asked why the BOF wasn't notified. Mr. Testani's inquiry led to a discussion about the process.

First Selectman Gerber said he appointed David Becker as Interim CFO until the position is permanently appointed. The position has been posted on the Town website.

- 3) To hear an update from the Town's external auditor on the Annual Comprehensive Financial Report  
PFK O'Connor Davies Principal Joe Centofanti began his presentation on the external audit and FY 2023 finances. The backup begins on page one and the presentation begins on page four of the backup packet; the reports are based on the FY23 dates, July 1, 2022 – June 30, 2023. After Mr. Centofanti's presentation, he addressed questions from the BOF.
- 4) To hear a financial presentation from the Town's financial advisor, Phoenix Advisors  
Phoenix Advisors Senior Managing Director Matt Spoerndle gave an update on the Town's credit profile as it relates to other AAA rated Towns in CT. The presentation was shared on the Webex screen and can also be found on page 207 of the backup packet. Mr. Spoerndle addressed questions from the BOF.

- 5) To hear an update and discuss the Capital Plan / Waterfall  
First Selectman Bill Gerber and Interim CFO David Becker presented this Item. The materials begin on page 221 of the backup packet linked above. The BOF usually reviews the Capital Plan in the fall, but the list has been updated. Mr. Becker said Financial Analyst Sabrina Bernardi worked with Controller Caitlin Bosse and the BOF to put this list together. There are changes in the Authorized Unissued Debt and the WPCA Debt. The list of preliminary and tentative projects were discussed. It is estimated that by 2030, WPCA projects will be part of the Town plan. The process of approving and prioritizing projects on the list was discussed. As things change, the list will be updated and presented. Chairwoman Charlton asked the BOF members to send her any questions regarding the Capital Plan schedule or any questions concerning ARPA funding that will be discussed at a later meeting. There was also a discussion regarding WPCA projects and budget expenses being increased that could cause tax increases.
- 6) To hear, consider and act upon a reallocation as recommended by the Board of Selectmen of the American Rescue Plan Act (ARPA) Funds per Exhibit A attached in the backup (***requires RTM approval***)  
Amy Ruggiero made a motion to put Item 6 before the BOF for a vote. John Mitola seconded the motion.

The backup for this item starts on page 249 of the backup packet.

Public Comment:

Dick Dmochowski – Colonial Drive and Secretary, Flood & Erosion Control Board (FECB)  
Mr. Dmochowski commented on Item 7. Based on conversations with the Town, he said the FECB was under the impression that \$376,162.00 would remain on the ARPA list to fund a flood resiliency plan for the entire Town including the shoreline, Rooster River, Mill River and Sasco Creek. The FECB is finalizing an RFP for this project. He asked that the funds be reinstated to this project. His full comments can be heard in the meeting recording.

First Selectman Gerber said the deadline is approaching to spend the ARPA money. Funds need to be encumbered, but some items on the list that were more ideas than projects that were ready will have lower priority. First Selectman Gerber said resiliency projects will go forward as they are important and explained the process of deciding what will get priority to be funded with ARPA money. First Selectman Gerber and Controller Caitlin Bosse went through the list line by line. The full review can be accessed through the meeting recording.

The motion carried unanimously.

Mr. Mitola made a motion to waive the reading of Item 7. Ms. Ruggiero seconded the motion which carried unanimously.

- 7) To hear, consider and act upon the following resolution as recommended by the Board of Selectmen:  
WHEREAS, on August 21, 2023 the Town of Fairfield BOS resolved that the Town of Fairfield may enter into and deliver to the State of Connecticut Department of Energy and Environmental Protection any and all documents deemed necessary or appropriate for a grant of \$2,500,000 for the Rooster River Flood Mitigation Project, and be it FURTHER RESOLVED, that Brenda L. Kupchick as First Selectwoman of the Town of Fairfield is authorized and directed to execute and deliver any and all

documents on behalf of the Town of Fairfield and do and perform all acts and things deemed to be necessary or appropriate to carry out terms of such documents; and WHEREAS, on August 1, 2023 the Town of Fairfield received the State of Connecticut Department of Energy and Environmental Protection Draft Agreement/Grant/Contract approving the Urban Act Grant program application in the amount of \$2,500,000 for the Rooster River Flood Mitigation Project; and WHEREAS, the acceptance of a \$2,500,000 Urban Act Grant to receive, fund and expend project costs associated with the Rooster River Flood Mitigation Project of which one hundred percent of said project costs are paid (reimbursed) by the State grant and appropriated \$2,500,000 for said project costs; and NOW, THEREFORE BE IT RESOLVED, that William A. Gerber, First Selectman, be and hereby is, authorized to accept and sign any agreements between the Town of Fairfield and the State of Connecticut related to and any additional Urban Act Grant funding associated with the Rooster River Flood Mitigation Project. (*requires RTM approval*)

Mr. Mitola made a motion to put Item 7 before the BOF for a vote. Ms. Ruggiero seconded the motion.

Engineering Manager Bill Hurley explained this is an Urban Act Grant for \$2.5 million that is 100% reimbursable. All the backup is in the packet including the draft of the bond, grant application and agreement, and the 14-points document. The \$2.5 million would be supplemental for the proposed detention basins and all else needed for the project.

The motion carried unanimously.

- 8) To hear, consider and appoint the Clerk of the BOF through the period ending May 2024  
John Mitola made a motion to put Item 8 before the BOF for a vote. Amy Ruggiero seconded the motion.

Chairwoman Charlton explained that the BOF votes on the appointment of the BOF Clerk and salary on an annual basis. She said Jared Schmitt was the former Clerk, but since resigning, the Clerk will need to be filled to complete his term through May 1, 2024.

Chairwoman Charlton made a motion to appoint Controller Caitlin Bosse as the BOF Clerk through May 1, 2024. Mr. Mitola seconded the motion.

Ms. Bosse went through her qualifications to support her nomination and appointment.

The motion carried unanimously.

- 9) To hear, consider and act upon the draft minutes of December 13, 2023, and January 9, 2024

Mr. Mitola made a motion to approve the minutes of 12/13/23 and 1/9/24. Ms. Ruggiero seconded the motion.

12/13/23 – no changes.

1/9/24 – Ms. Ruggiero made an amendment to add her name in place of Chris DeWitt who was no longer on the BOF. John Mitola seconded the amendment which carried unanimously.

Craig Curley made an amendment to add a zero to the number on the second page in Item 6. The number should be \$6,770,000. Chairwoman Charlton seconded the motion which carried unanimously.

Chairwoman Charlton made a motion to amend Item 4, third paragraph and strike the words, “*and all three bodies approved the transfer of funds*”. Mr. Mitola seconded the motion which carried unanimously.

The motion to approve the minutes of 12/13/23 as written and 1/9/24 as amended carried unanimously.

10) To hear, consider and act upon any communications  
Nothing new was discussed.

11) Adjourn  
Mr. Mitola made a motion to adjourn. Mr. Curley seconded the motion which carried unanimously.

The meeting adjourned at 11:03 pm.

Respectfully submitted,

Pru O’Brien  
Recording Secretary

**Board of Finance Quarterly Review Meeting**  
**Tuesday, February 20, 2024, 7:30 pm**  
**Via Webex & In Person at Classroom A (102)**  
**Fire Training Center, 205 Richard White Way, Fairfield, CT**

A recording of this meeting can be found here: [BOF Quarterly Review 2/20/2024 7:30 pm.](#)

Backup documents can be found here: [Backup Packet BOF Qtly Review 2/20/2024.](#)

**DRAFT MINUTES**

MEMBERS PRESENT: Chairwoman Lori Charlton, Vice-Chair John Mitola, Secretary Craig Curley, Mary LeClerc, Shane Pendley, Amy Ruggiero, Kevin Starke, James Walsh

MEMBERS ABSENT: Jack Testani

OTHERS PRESENT: JRIB member Tom Collimore, Fairfield Public Schools (FPS) Chief Fiscal Officer (CFO) Courtney LeBorious, FPS Superintendent Mike Testani, BOE Liaison Jeff Peterson, BOE Chairwoman Jenn Jacobsen, Deputy Police Chief Eddie Weihe, Tax Assessor Ross Murray, Controller/BOF Clerk Caitlin Bosse, Interim CFO David Becker, Budget Director Frank Magneri, First Selectman Bill Gerber, Parks & Recreation Director Anthony Calabrese, Fire Chief Denis McCarthy, Deputy Fire Chief Kyran Dunn, Attorney John Stafstrom, Town Attorney Phil Pires, FairTV and members of the public

- 1) Call to Order  
Chairwoman Lori Charlton called the meeting to order at 7:30 pm.
- 2) Pledge of Allegiance  
First Selectman Bill Gerber led the Pledge of Allegiance.
- 3) To review the current status of the Town's Pension and OPEB funds

JRIB member Tom Collimore gave an update on the Town's Pension and OPEB. The backup begins on page one of the backup packet.

Pension market value ending 12/31/23: \$452,779,832.79.

Pension Portfolio Allocation: US Equity 31%, Int'l Equity 21%, US Fixed Income 23.7%, Int'l Fixed Income 9.4%, Private Equity 8.5%, US Real Estate 5.7%, Short-Term Reserves – Cash 0.8%.

OPEB market value ending 12/31/23: \$84,079,634.87.

OPEB Allocation: US Equity 43.3%, Int'l Equity 27.2%, US Fixed Income 13.2%, Int'l Fixed Income 5.8%, Alternative – Private Equity 2.7%, US Real Estate 7.7%, Short-Term Reserves – Cash 0.1%.

The Town will be transitioning from Vanguard to Milliman in April. The full presentation and report is in the backup packet.

- 4) To review the BOE FY24 Q2 financial update  
FPS CFO Courtney LeBoriorous began the presentation beginning on page 65 of the backup. The FPS Q2 Financial Report was impacted by many challenges: legislation that requires the district to support students to receive programming through the end of the school of their 22nd birthday has added more than \$600,000 to the budget. Staffing needs as the result of a greater than projected enrollment has also affected the financial report. The public schools have added additional CLC classrooms this will actually help students that may have been out placed. District support staff was also increased due to greater needs identified in the PPT process. There were also changes in health insurance and pupil personnel expenses as well as IT equipment. The full report is available in the backup packet linked above.
- 5) To review the Town FY24 Q2 financial update  
Controller Caitlin Bosse and Budget Director Frank Magneri presented the Town report which begins on page 129 in the backup. The Town is projected to have higher surplus than budgeted. Over \$2 million of income is projected from an impending Tax Sale done through the Tax Collector and the Town Attorney. The sale will include properties owing in excess of \$50,000 in taxes to the Town. The last tax sale was held in 2012. The process was explained and supporting documents can be found in the backup packet.

- 6) **NON-RECURRING CAPITAL – 10 YEARS (*requires RTM approval*)**  
To hear, consider, and adopt a bond resolution entitled, “A resolution appropriating \$130,000 for the Costs of a Nonrecurring Capital Project and Authorizing the Issuance of Bonds To Finance Such Appropriation.” See Full Resolution in Backup  
John Mitola made a motion to put item 6 before the BOF for a vote. Craig Curley seconded the motion.

Fire Chief Denis McCarthy and Deputy Fire Chief Kyran Dunn presented this item. The full resolution and backup begins on page 172 of the backup packet. There is a need for the purchase of a replacement maintenance fleet vehicle. This vehicle is an emergency vehicle and is essential to the fleet as it responds to calls to repair fire apparatus on the road. This vehicle is replaced every 12 years and will have 100,000 miles by the time it is replaced.

The motion carried unanimously.

- 7) **NON-RECURRING CAPITAL – 20 YEARS (*requires RTM approval*)**  
To hear, consider, and adopt a bond resolution entitled, “A resolution appropriating \$3,760,200 for the Costs of Certain Nonrecurring Capital Projects and Authorizing the Issuance of Bonds To Finance Such Appropriation”.  
*See Full Resolution in Backup*

Amy Ruggiero made a motion to put item 7 before the BOF for a vote. Kevin Starke seconded the motion.

The full resolution and backup begins on page 179 of the backup document. This resolution contains a schedule of projects.

- Parks & Recreation Director Anthony Calabrese discussed the need to replace the South Benson Marina barge. The barge is 35 years old and maintains all 6 miles of Fairfield beaches. It has many important uses for the marina.
- Items 2-6 for bridges, barriers and sidewalk repair (ADA compliance) were discussed. The items will be bid through Purchasing. Any grants received will go against the bonded amount. Full explanations are located in the backup packet.
- HSR Driving Range upgrades. were bid and came in. The funds for Phase 1 were approved and the money here is for Phase 2. The work will begin as soon as it has been approved and will be ready for the spring opening.
- Police Department Rehab Phase 2- \$350,000 were received through ARPA. The project will be done in 3 phases. Currently waiting for architects plans. There was a discussion about whether or not to include this item in the resolution being approved tonight as the money needed for the Police Department renovation estimate hasn't been finalized.

John Mitola made an amendment to reduce the resolution to \$3,260,200 and delete #8 (police department rehab) from Exhibit A. Chairwoman Charlton seconded the amendment which carried 7-0-0. (Kevin Starke had left the room temporarily and wasn't included in this vote.)

The main, as amended, carried unanimously.

8) **NON-RECURRING CAPITAL – 20 YEARS (*requires RTM approval*)**

To hear, consider and adopt a bond resolution amending and restating a resolution entitled, "A resolution appropriating \$3,717,899 for the Costs of certain Nonrecurring Capital Projects and Authorizing the Issuance of Bonds To Finance Such Appropriation," to expand the scope of the Jacky Durrell Pavilion upgrades project description. See Full Resolution in Backup

Ms. Ruggiero made a motion to put item 8 before the BOF for a vote. Craig Curley seconded the motion.

The full resolution is located on page 208 of the backup packet. This item has various projects. Parks and Recreation Director Anthony Calabrese discussed the upgrades requested at the Jacky Durrell Pavilion at Penfield Beach. There were upgrades done previously to bathrooms which came in under budget. Mr. Calabrese would like to use that money to replace the deck around the pavilion. It will be the same wood that will be used for the Penfield Pavilion decks when they are put back on after construction. Mr. Calabrese would like to get this done before the wedding season. The quote for the deck project is included on page 212 of the backup packet.

The motion carried unanimously.

9) To hear, consider and act upon a request from the Chief Fiscal Officer to transfer \$500,000 to the Legal Department (01001270-53200) to cover the unanticipated costs of the UI case, plus the additional costs for legal expenses, expert fees, and lobbyist fees from Contribution-Surplus (01002020-58970) per the backup.



Mr. Mitola made a motion to put item 9 before the BOF for a vote. Ms. Ruggiero seconded the motion.

The backup begins on page 214 of the backup packet. This transfer of \$500,000 reflects the anticipated expenses for legal fees for litigation with UI. The total paid as of 2/14/24 is \$214,885.19. Town Attorney Pires believes this appeal will go to Superior Court. The original lobbyist backed out after receiving pressure from UI. There was a discussion about other lobbyist firms and estimated fees.

The motion carried 7-0-1 (LeClerc abstained).

- 10) To hear, consider and act upon a request from the Chief Fiscal Officer to transfer amounts among departments per the backup.

Mr. Pendley made a motion to put item 10 before the BOF for a vote. Kevin Starke seconded the motion.

The backup for this item begins on page 216 of the backup packet. After reviewing the transfer document, there was a discussion about severance pay and whether or not elected officials are entitled to severance pay as well as vacation benefits to someone who is no longer employed. Mr. Curley contacted Connecticut Conference of Municipalities and was told no municipality in CT has a policy that former selectpersons or mayors receive severance. There was a discussion about the policy regarding when it was signed and by whom. Chairwoman Charlton would like it reviewed by the Town Attorney. Further information will be shared with the BOF.

- 11) **SENIOR AND DISABLED TAX RELIEF (*requires RTM approval*)**  
To hear, consider and act upon changes to the Senior and Disabled Tax Relief program as recommended by the Senior & Disabled Tax Relief subcommittee. *See Full Text of Changes in Backup*

Mr. Mitola made a motion to put item 11 before the BOF for a vote. Amy Ruggiero seconded the motion.

The backup begins on page 217 of the backup packet. Tax Assessor Ross Murray asked for five changes to the current Tax Relief Policy. Mr. Curley reviewed the changes and after being approved by the BOF will go to the RTM as they are the body who can change the ordinance. The document was reviewed item by item and the proposed changes are included in the backup document on pages 217-219.

Mr. Curley made an amendment to strike language crossed out in the document and add highlighted language to the document. Ms. Ruggiero seconded the amendment which carried unanimously.

The main motion, as amended, carried unanimously.

- 12) To hear an update from the Tax Assessor regarding the property tax revaluation process

Assessor Murray gave an update regarding the RFP that is out and said submissions are due on Friday, March 7<sup>th</sup>. Mr. Murray explained the revaluation process is performed through his office.

- 13) To hear, consider and act upon any communications  
There was nothing further to discuss.

- 14) Adjourn  
Chairwoman Charlton made a motion to adjourn. Mr. Starke seconded the motion which carried unanimously.

The meeting adjourned at 11:14 pm.

Respectfully submitted,

Pru O'Brien  
Recording Secretary